

1 VIRGINIA:

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3 IN THE COUNTY OF WASHINGTON

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8 VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY

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12 VIRGINIA GAS AND OIL BOARD

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15 MARCH 23, 1999

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20 Reported by:
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1 BENNY WAMPLER: Okay, we're ready. Good morning.
2 My name's Benny Wampler. I'm Deputy Director for the
3 Department of Mines, Minerals, and Energy, and Chairman of
4 the Gas and Oil Board and I'll ask the members to introduce
5 themselves.

6 MASON BRENT: My name is Mason Brent. I'm from
7 Richmond and I represent the gas and oil industry.

8 MAX LEWIS: My name's Max Lewis. I'm from Buchanan
9 County and I represent the public.

10 SANDRA RIGGS: I'm Sandra Riggs, with the office of
11 the Attorney General, and I sit to advise the Board.

12 CLYDE KING: I'm Clyde King from Abingdon and
13 welcome. I represent the public.

14 TOM FULMER: Tom Fulmer, I'm with Department of
15 Mines, Minerals, and Energy, secretary to the staff and
16 Board.

17 BENNY WAMPLER: Thank you. The first item on
18 today's agenda, the Board is reconvening the following docket
19 numbers for further consideration of applications filed by
20 the Torch Energy Advisors, Inc. This is VGOB 92-0218-0183-
21 01, 92-0218-0184-01, 92-0421-0216-01, 95-1024-0526-01, 92-
22 0421-0217-01, 95-0418-0500-02, 91-0716-0135-01, 91-0716-0136-
23 01, 95-0418-0499-02, 97-0218-0563-01, and 92-0721-0244-01.
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1 We'd ask the parties that wish to address the Board in this
2 matter to come forward at this time, please.

3 MARK SWARTZ: Mark Swartz and Les Arrington for
4 Consol, Inc. and Pochahontas Gas Partnership.

5 JILL HARRISON: I'm Jill Harrison. I guess in a
6 way, I'm representing Consol, too, and trying to get their
7 money out of the escrow account, but also representing Torch
8 Energy.

9 BENNY WAMPLER: Record will show there are no
10 others. I'm clarifying something.

11 (The Board confers.)

12 BENNY WAMPLER: Ms. McFall, I believe you were here
13 for the third item on the agenda?

14 NINA McFALL: Yes.

15 BENNY WAMPLER: We just called the first one. So,
16 you're welcome to sit there. It's okay. That's fine.
17 You're fine. I just wanted to make sure. You really don't
18 have an interest in the---.

19 NINA McFALL: That's okay. I'll speak, believe you
20 me, when it's my turn.

21 BENNY WAMPLER: Please do. Please feel free to do
22 that. I'm just trying to identify the parties for this first
23 item on the agenda. Let the record show there are no others.

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1 You may proceed.

2 MARK SWARTZ: Probably do this in two parts.

3 What...what we might want to start with, since this is a
4 request to withdraw funds from escrow, is to just give you
5 the accounting information and then I'm going to leave it to
6 Jill to identify the tracts because the accounting
7 information always includes everything. But, just kind of
8 walk through the accounting information and review with Les
9 Arrington's help, and then Jill can identify the tracts and
10 the various units so that Sandy has a fighting chance of
11 getting the draft order organized. Probably, what we could
12 do is start with just the blue book and what's in here. The
13 first three items that Mr. Wampler called today, SLW-5, 6,
14 and 8, you already have the information with regard to those
15 units from prior hearings, and because we do the unit on a
16 global basis, there were tracts in there that were not
17 disbursed in the prior orders but that are subject to these
18 orders. So, we have not included that information in the
19 binder that you got today because you already have it and if,
20 you know, Sandy or anybody should need an extra copy, we
21 could certainly get that for you. But, you have that
22 information.

23 The SLW-9, which is kind of in that same area is,

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1 in fact, included in a tab that we gave you this morning.
2 So, you've got accounting information in this packet for all
3 of these units except SLW-5, 6, and 8 which you already have.
4 The tracts in...in these spreadsheets, with one exception, I
5 think it's only one exception, use the designation that is
6 present in the VGOB orders. So, that, you know, when you
7 look at the spreadsheets---.

8 SANDRA RIGGS: Exhibit E. The Exhibit E reference?

9 MARK SWARTZ: ---Well, all for tract I.D.

10 LES ARRINGTON: For tract I.D. Right.

11 MARK SWARTZ: So, it would be B-3, E, any reference
12 in the VGOB orders with regard to these tracts, tract number
13 in the spreadsheets will match that. You don't need some
14 code to decipher the Conoco numbering system, with one
15 exception, and we've given you exhibits to allow you to deal
16 with that. It's the...the BUS-1?

17 LES ARRINGTON: Yes.

18 MARK SWARTZ: This...this drawing, you know, this
19 packet that looks like this, and if you keep going, you'll
20 find a tract I.D. that refers to the BUS-1 unit. That one in
21 the blue binder, the tracts are identified using the Conoco
22 numbering system. That system is repeated here on the right
23 hand column and then the VGOB tract numbers would be in front

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1 of the description so that you can...that's the only one you
2 need a guide to. But, this way you can cross reference this
3 to make the...make sense out of the order in relation to the
4 accounting information. The other packet that you received
5 is on BUN-1, since there are a lot of tracts in there, we
6 thought it would be helpful.

7 LES ARRINGTON: Yeah. We just done that since it
8 was one of the first ones that we done and it didn't have a
9 proper set of tract I.D.'s. They were just on the map.

10 MARK SWARTZ: Right.

11 LES ARRINGTON: So, we just redone that.

12 MARK SWARTZ: So, that what this is, is it gives
13 you, this will be consistent with what you find in the blue
14 book as well as the orders. But, it was an early unit and
15 Les thought it would be appropriate to give you just an
16 updated tract I.D. guide to that with the tracts with regard
17 to the BUN-1 unit. They're also, and I want to cover this
18 with Les, a number of these spreadsheets have footnotes and
19 the footnotes basically fall into two categories. One
20 category is to account for updated information from the bank
21 that they're going to allocate interest here or there.
22 Actually, there are three categories. The second category of
23 footnote pertains to situations where we have the hard copy

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1 of the Oxy accounting and the Oxy accounting and the bank
2 deposit records in some instances, generally speaking they
3 agree, but in some instances do not agree. And so, there
4 will be a footnote saying the hard copy from Oxy showed this
5 number and the bank shows this number. We don't have a way,
6 at least at this point, of resolving that, but we're
7 reporting that. Obviously, we need to go with the amount
8 deposited that's on hand. But, there is...there would be a
9 footnote with regard to that; and lastly, there are several
10 instances where a portion of a deposit got in the wrong unit
11 and we've seen that before. Where...where we'll identify a
12 portion of the amount on deposit in a particular unit that
13 needs to be transferred to another tract in another unit, and
14 obviously, both of those would have consistent notes. So,
15 there are three kinds of notes and I think what I'll do with
16 Les, is I think we need to make a record, is just start with
17 the first one and let's have you go through and just comment
18 on the comments so that the Board understands what issues
19 you're raising and what, if anything, in the order might need
20 to reflect. So, with regard to BUN-1.

21 CLYDE KING: We're in BUN-1?

22 LES ARRINGTON: BUN-1. Okay. You'll just notice on
23 the bottom of there, the bottom of the spreadsheet, as Mark

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1 mentioned, we put the notes on here; and what we've done,
2 we've gone through the bank balance or ledger sheets, our
3 ledger sheets, and we started finding balance errors, and
4 you'll just notice on here, on BUN-1, there was two of them.
5 One was for thirteen forty-seven (13.47) and one for ninety-
6 nine cents (\$.99) and as per (inaudible) from the bank, that
7 amount will be added to the proper areas and we went ahead
8 and reflected that in our accounting.

9 SANDRA RIGGS: So, for disbursement, we use the
10 balance shown in this account?

11 LES ARRINGTON: In here, uh-huh.

12 MARK SWARTZ: With regard to the next tab, which
13 would be BUS-1?

14 LES ARRINGTON: Yes. Again, all of these notes on
15 BUS-1 were differences in balances going from one month to
16 the next, and you'll notice on each one of the starred items,
17 beginning with 11/1/95, there was one cent (\$.01) added to
18 it; 7/1 of '96, there was five dollars and one cents (\$5.01)
19 added; 8/23/96, there was twenty cents (\$.20) added to it;
20 and 12/24, there was four cents (\$.04) added to it. For some
21 reason, what happens on their ledger sheets, when it goes
22 from one page to the next one month to the next, there will
23 be an error and you couldn't explain it. Okay.

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1 Moving on to SLW-9, you'll notice on 7/1/96, there
2 were seventeen cents (\$.17) added. VP-6...okay, there's
3 several notes on VP-6. This is the one Mark was talking
4 about that we could not come up with the same totals as what
5 was in the bank and those check dates were 9/1/93, 10/1/93,
6 and 1/25/94...10/25/94.

7 CLYDE KING: What were those, please?

8 LES ARRINGTON: Okay. 9/1/93, 10/1/93, 1/25/94, and
9 10/25/94. And we couldn't substantiate the total that we
10 had. They did have a return check on it. They did have
11 their check stub. We could not find any information on that,
12 so we had to just assume that they were correct on those four
13 instances and that's what we used.

14 MARK SWARTZ: When you say "they", the bank had the
15 canceled checks?

16 LES ARRINGTON: The bank had their information, but
17 for some reason or another, we could not find that
18 information.

19 MARK SWARTZ: And what you're saying when you
20 couldn't find it, is that in the hard copy from Oxy, the big
21 printup?

22 LES ARRINGTON: That's correct.

23 MARK SWARTZ: Okay.

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1 LES ARRINGTON: We could not substantiate that
2 information. We just had to move on. And then---.

3 SANDRA RIGGS: So, we disburse based on the tract
4 balances shown on the sheet?

5 LES ARRINGTON: ---yes, ma'am.

6 SANDRA RIGGS: And you've extracted that
7 information---?

8 LES ARRINGTON: That...that's what's shown. Yes,
9 ma'am.

10 SANDRA RIGGS: ---so that it is reconciled with the
11 bank record now?

12 LES ARRINGTON: Yes, it is. Okay. And, then,
13 again, on 11/25/95, there was one cent (\$.01) added as
14 interest; and 7/25/96, four dollars and thirteen cents
15 (\$4.13) added to the balance column. Okay. Now, on W-29.

16 TOM FULMER: W? You've got X.

17 LES ARRINGTON: Right. I'll have X-29, also.

18 TOM FULMER: Oh, sorry.

19 LES ARRINGTON: Okay. For 12/24/96, okay, this
20 one's where some of the money somehow or another is in X-29.
21 The check was for two hundred and ninety-six dollars and
22 ninety cents (\$296.90), two hundred and fifty-four dollars
23 and nineteen cents (\$254.19), let's see, okay.

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1 SANDRA RIGGS: Two fourteen ninety (214.90), is that
2 what you said?

3 LES ARRINGTON: Two fifty-four nineteen (254.19).
4 Which totals up to five fifty-one oh-nine (551.09) for the
5 total on 12/24/96, if you'll look at that. I believe that's
6 right. Yes. Okay. And the bank shows a deposit of six
7 hundred and seventy-three dollars and forty-nine cents
8 (\$673.49) which was a difference of a hundred and twenty-two
9 forty (122.40). For some reason or another, the difference
10 was allocated to the X-29 unit and it was...it ended up into
11 this account. We don't know why, but it did.

12 BENNY WAMPLER: It was allocated to X-29, but
13 deposited in W-29?

14 LES ARRINGTON: W, uh-huh.

15 MARK SWARTZ: So, what needs to happen there is a
16 hundred and twenty-two forty (122.40) needed to come out of
17 W-29 and go into X-29?

18 LES ARRINGTON: Correct.

19 MARK SWARTZ: And have you done that on these
20 spreadsheets?

21 LES ARRINGTON: No, we did not.

22 MARK SWARTZ: Okay.

23 LES ARRINGTON: We couldn't do that.

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1 MARK SWARTZ: Right. So, if the Board allows that
2 to happen, then this...these two spreadsheets need to be
3 modified to transfer the one twenty-two forty (122.40) from
4 W-29 into X-29?

5 LES ARRINGTON: That's correct. But, okay, and
6 again there's a second one like that, but I believe it's
7 opposite. Okay. There was a bank deposit of three seventy
8 point...three seventy ninety-three (370.93) on 4/25/97, and
9 the amount should have been three ninety-eight sixty-four
10 (398.64). Difference of twenty-seven dollars and seventy-one
11 cents (\$27.71). It was allocated to this unit, but it should
12 have been X-29 unit.

13 MARK SWARTZ: Since it's a negative, what the order
14 needs to provide is that twenty-seven seventy-one (27.71)
15 needs to be transferred by the escrow agent from X-29 into W-
16 29?

17 LES ARRINGTON: That's correct.

18 MARK SWARTZ: And basically, we ought to be able to
19 just offset these two amounts to make one transfer?

20 LES ARRINGTON: We should.

21 CLYDE KING: Now, the one twenty-two forty (122.40)
22 is out of twenty-nine X...W into X, right?

23 MARK SWARTZ: No, just...yes...yes, I'm sorry.

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1 Correct. Correct. Out of W into X and the other one is the
2 reverse, out of X into W.

3 BENNY WAMPLER: And you're proposing these transfers
4 to occur without regard to tract?

5 LES ARRINGTON: That's correct.

6 BENNY WAMPLER: Balance transfers.

7 MARK SWARTZ: Right. They'll...they'll have to re-
8 allocate that.

9 LES ARRINGTON: We'll do that.

10 BENNY WAMPLER: You'll do what?

11 SANDRA RIGGS: Give us new accountings after that's
12 been done.

13 BENNY WAMPLER: Okay.

14 LES ARRINGTON: Now, the thing that we just went
15 over we're going to, the X-29 unit, it's the same situation
16 in reverse and you'll notice our notes on this one. That was
17 the only problems we found on it. There's nothing...no
18 problems that we found on VP-8 or the U-27.

19 JILL HARRISON: I have a question about the U-27.
20 Les, where it has moneys in suspense---?

21 LES ARRINGTON: That's correct.

22 JILL HARRISON: ---are those, once we agree to the
23 accounting today, then are those funds that are held in
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1 suspense those will come from the operator?

2 LES ARRINGTON: Yes.

3 MARK SWARTZ: Right.

4 JILL HARRISON: Right.

5 MARK SWARTZ: Now, I don't know what all Jill wants
6 to cover, but I would turn it over to her, you know, in the
7 hopes that we would get the tracts identified that we're...
8 that are the subject of her petition and whatever else she
9 has in mind here today.

10 JILL HARRISON: Well, on the first three units, the
11 South Longwall Five, the South Longwall Six, and the South
12 Longwall Eight, at the February 2nd hearing, it was my
13 understanding and Tom's brought to me this morning, I haven't
14 had a chance to look at it...at that particular hearing,
15 those amounts were agreed to by Hugh McRae and Torch. I
16 brought those with me in case if you'd like for me to go over
17 those again, I'd be glad to do that. But, those were
18 approved, I believe, at the February 2nd hearing, and then at
19 the February 16th hearing, the language was agreed to, to, to
20 go into it. So, I wasn't sure what else at this point
21 remained outstanding.

22 SANDRA RIGGS: There were some differences between
23 the application and the Exhibit E's, I guess, with regard to
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1 which tracts we're seeking disbursement on.

2 JILL HARRISON: Right, and the testimony was
3 presented by Mr. Looney at the February, I believe it was the
4 second hearing, whichever one we were up in the lodge area,
5 to reconcile those differences.

6 SANDRA RIGGS: Okay. So, I need to pull the
7 transcript from which hearing?

8 JILL HARRISON: I believe it was February 2nd, Ms.
9 Riggs, that we went through each order and the discrepancies
10 and put into evidence the information that you requested, and
11 then he...I have learned Mr. Looney has since then...we
12 promised the Board several supplemental orders, and those
13 have since been provided to the Board. Then, would you like
14 for me to go through the order they are in your book, or the
15 order that they are on the docket sheet? Which would be
16 easier?

17 BENNY WAMPLER: The book.

18 JILL HARRISON: The book. As I understand it, the
19 first one in the book is the BUS-1.

20 CLYDE KING: BUN-1?

21 JILL HARRISON: BUS...BUN-1, I'm sorry, the BUN-1.
22 I left my book back there because these are the sheets that
23 I'm working off of. This was what was sent to me last week.

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1 Okay. There are a number of tracts in the BUN-1. Would you
2 like for me to go through with just the tract number, or
3 would you like for me to identify the tract balance for each
4 tract as shown on the spreadsheet?

5 SANDRA RIGGS: Number.

6 MARK SWARTZ: Just the number.

7 JILL HARRISON: Okay. Tract 1A, tract 2A, tract
8 3A1, tract 3A2, tract 3A3, tract 3A4, 4A, 5A, 7A, 8A, 9A,
9 10A, 11A, 12A, 13A, 14A, and 15A. From what I added up, the
10 total for all of those tracts is three hundred sixty-one
11 thousand one hundred seventy-four dollars and seventy-three
12 cents (\$361,174.73).

13 SANDRA RIGGS: Okay. With respect to payment now,
14 some of these had different parties to them. All of these
15 don't get cut to the same party. Some of them are one way,
16 some are the other, right? Some have PGP, some have---

17 JILL HARRISON: And some are Consol's. Those are
18 set up in our application.

19 BENNY WAMPLER: BUS-1 is next.

20 JILL HARRISON: BUS-1. Yeah, Bobby, you double
21 check me as we go. On the BUS-1, this will be an interesting
22 one.

23 BENNY WAMPLER: Okay. We're going to start on BUS-1

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1 now.

2 JILL HARRISON: With this one, I'll give you the
3 tract I.D. number.

4 CLYDE KING: Jill, what was that final figure?
5 Excuse me?

6 JILL HARRISON: No, that's all right.

7 CLYDE KING: Oh, I've got it. She's got it.

8 JILL HARRISON: Three sixty-one one seventy-four
9 seventy-three.

10 CLYDE KING: And that includes the changes that Mark
11 talked about?

12 JILL HARRISON: I don't believe that that particular
13 unit had any changes. They're very small.

14 MARK SWARTZ: But, they're already in there.

15 JILL HARRISON: Right. Then, on the BUS-1, I'll
16 give you the tract I.D. number and also the accounting
17 number, because those are the two that show up. Tract 2, 3A
18 is the accounting number. Tract 3, 4A is the accounting
19 number. On this particular tract there's nine thousand
20 fifty-six dollars and three cents (\$9,056.03) in escrow;
21 however, Hugh McRae and PGP are only entitled to seventy-five
22 percent (75%) of that money, which I believe comes to, to six
23 thousand seven ninety-two oh-two (6,792.02).

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1 SANDRA RIGGS: I'm sorry, repeat that. The seventy-
2 five percent would equal what?

3 JILL HARRISON: I believe it would equal six
4 thousand seven hundred ninety-two dollars and two cents
5 (\$6792.02).

6 CLYDE KING: Two cents (\$.02)?

7 JILL HARRISON: Yes, sir.

8 CLYDE KING: Okay.

9 JILL HARRISON: The next tract is tract four; the
10 accounting number is 5A. This is another split tract. The
11 amount in escrow is eighteen thousand nine hundred seventy-
12 two dollars and forty-three cents (\$18,972.43). We only
13 receive ninety-six point four three percent (96.43%) of those
14 funds, and that comes to, I believe, eighteen thousand one
15 hundred ninety-nine dollars and thirty cents (\$18,199.30).

16 The next tract is tract five. The accounting
17 number is 6A. This is another split. The amount is eight
18 thousand five oh-nine twenty one (8,509.21) in escrow. We
19 are only entitled to ninety-nine point four four percent
20 (99.44%) of the funds, and that comes to eight thousand four
21 hundred eleven dollars and seventeen cents (\$8,411.17).

22 The next tract is tract six. The accounting number
23 is 7A. The total in escrow, this is another split, thirteen
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1 thousand eight eleven forty-six (13,811.46). We are only
2 entitled to one point four three two percent (1.432%) of
3 those funds.

4 SANDRA RIGGS: One four---?

5 JILL HARRISON: One point four three two percent
6 (1.432%), and that comes to a hundred and ninety-seven
7 dollars and eighty-four cents (\$197.84).

8 CLYDE KING: One ninety-seven?

9 JILL HARRISON: Eighty-four. Tract seven,
10 accounting number 8A, is also a split. The amount in escrow
11 is sixteen thousand eight fifty-seven seventy-seven
12 (16,857.77). We are only entitled to, to fourteen point
13 three four percent (14.34%), and that amount comes to two
14 thousand four hundred seventeen dollars and eighty-nine cents
15 (\$2,417.89).

16 Tract eight, or accounting number 9A, all of the
17 funds come out of that.

18 Tract nine, accounting number 10A, all of the funds
19 come out of that.

20 On tract eleven, 12A, all of the funds will come
21 out of that. That amount is eleven thousand one fifty
22 twenty-eight (11,150.28); however, as between Consol and PGP,
23 their one-half of that is five thousand five hundred seventy-

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1 five dollars and fourteen cents (\$5,575.14). Of that, PGP
2 receives a hundred and four dollars and ninety-two cents
3 (\$104.92), or an equivalent of one point eight eight two
4 percent (1.882%) of the money; and the remainder, which is
5 five thousand four hundred fifty-one dollars and twenty-six
6 cents (\$5,451.26) would go to Consol.

7 The next tract is tract fourteen, accounting number
8 2A, and that entire amount is come out and split fifty/fifty.

9 BENNY WAMPLER: SLB-9.

10 JILL HARRISON: I need to check with Les on this.

11 Les, there were two...two columns, so I assumed that what I
12 did was add the two together.

13 LES ARRINGTON: Which tracts?

14 JILL HARRISON: On tract 21A. The tracts in the
15 unit are tract 21A, tract 22A, tract 28A, and tract 31A.

16 LES ARRINGTON: Okay. What that...okay, the two
17 columns is just...it'll be the second column. Like for 21A,
18 I believe, run the total it should be.

19 JILL HARRISON: The one that I received didn't say
20 tract balance at the top and tract changes. The new ones may
21 have that, but what I got over the weekend to look at didn't.

22 LES ARRINGTON: Oh, okay. Okay. If you'll look at
23 further on out in the spreadsheet---.

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1 JILL HARRISON: I'm seeing Mark's and it has the
2 tract balance, so that's fixed.

3 LES ARRINGTON: ---Yes. It's on...uh-huh.

4 JILL HARRISON: Okay. And I had one question about
5 the accounting, there were...in the first one that I received
6 there were deposits for 7/23/93 that were not on the second
7 spreadsheet.

8 LES ARRINGTON: Okay. You'll have to give me a few
9 minutes on that if you want to go ahead.

10 JILL HARRISON: Okay. Sure.

11 LES ARRINGTON: I'll be looking at this.

12 JILL HARRISON: Okay. What's the next tract in your
13 package?

14 SANDRA RIGGS: Fifty-six.

15 JILL HARRISON: On the SGU-56, tract numbers ten,
16 eleven, twelve, thirteen, fourteen, and fifteen and the total
17 is thirty-two thousand five hundred forty-seven dollars and
18 fifty-nine cents (\$32,547.59).

19 CLYDE KING: What was the balance on that?

20 JILL HARRISON: Thirty-two thousand five forty-seven
21 dollars and fifty-nine cents (\$32,547.59).

22 BENNY WAMPLER: W-29.

23 JILL HARRISON: On the W-29, there's only one tract
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1 and that is tract number nine. That's one thousand one
2 hundred sixty-two dollars and eighty-three cents (\$1,162.83).

3 BENNY WAMPLER: The amount again, please.

4 JILL HARRISON: One...one thousand one hundred
5 sixty-two dollars and eighty-three cents (\$1,162.83).

6 BENNY WAMPLER: X-29.

7 JILL HARRISON: There are three tracts. Tracts two,
8 six, and ten and the amount is thirty-eight thousand five
9 hundred fifty-six dollars and seventy-two cents (\$38,556.72).

10 BENNY WAMPLER: VP-8.

11 JILL HARRISON: On the VP-8, what has been
12 consolidated on your spreadsheet as tracts eleven, twelve,
13 sixteen, and twenty which would be the third column from the
14 left on your long sheet. There are four tracts, but it's
15 only one balance and that's four thousand one hundred thirty-
16 eight dollars and sixty-five cents (\$4,138.65).

17 BENNY WAMPLER: That's it.

18 JILL HARRISON: And the U-27 just had tract number
19 one which had a tract balance of one thousand nine hundred
20 three dollars and forty-eight cents (\$1,903.48). And then
21 for what Mr. Arrington said, the funds in suspense under
22 tract one, that next row down would also be distributed by
23 them...or by the operator.

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1 MARK SWARTZ: They don't have the suspense.

2 JILL HARRISON: Okay. Who is I-Lynn (spelling)?

3 MARK SWARTZ: They do the accounting for VP-6.

4 BENNY WAMPLER: Okay. Did you find the---?

5 LES ARRINGTON: Yeah. Okay. For the SLW-9, the

6 problem that Jill mentioned. 7/23/93, there was a check

7 listed originally on the first set of spreadsheets that she

8 probably received and that check should have been in the

9 amount of four twenty-five ninety-nine (425.99). That check

10 was later voided and it wasn't processed.

11 JILL HARRISON: Do we know why this---?

12 LES ARRINGTON: No, I have no idea on that.

13 BENNY WAMPLER: But, that reconciles then?

14 LES ARRINGTON: Yes, it...we reconciled with the

15 bank.

16 BENNY WAMPLER: All right.

17 JILL HARRISON: And I believe those are all the

18 units that are before the Board today.

19 SANDRA RIGGS: So, on South Longwall Nine, what's

20 the amount we're looking for? We had four tracts?

21 JILL HARRISON: I did not add those up because I

22 wasn't sure about the columns from the spreadsheet that came

23 to me, but there are four tracts.

24

1 MARK SWARTZ: Well, there's two amounts, you just
2 need to add them together and find it.

3 JILL HARRISON: Well, they're...they're different on
4 what I received versus what came today. That's why I'm
5 hesitant to give you an amount. I think my amount would be
6 different from what is shown on the spreadsheet we have
7 today.

8 SANDRA RIGGS: 21-A, I'm showing one oh-nine thirty-
9 six (109.36), is that---?

10 LES ARRINGTON: One oh-nine thirty-six (109.36);
11 yes, ma'am.

12 SANDRA RIGGS: 22-A, one thirty-one eighty-five
13 (131.85)?

14 LES ARRINGTON: One thirty...yes.

15 SANDRA RIGGS: 28-A, twenty-nine dollars and ninety-
16 four cents (\$29.94)?

17 LES ARRINGTON: Okay. 28-A. Twenty-nine ninety-
18 four (29.94)?

19 SANDRA RIGGS: Twenty-nine ninety-four (29.94).

20 LES ARRINGTON: Yes.

21 SANDRA RIGGS: 31-A, fifty-one dollars and eighty-
22 two cents (\$51.82)?

23 LES ARRINGTON: 32-A?

24

1 SANDRA RIGGS: 31-A, that's what I heard.

2 LES ARRINGTON: Oh, I'm sorry. Fifty-one eighty-two
3 (51.82)?

4 SANDRA RIGGS: Right. So, it'd be the sum of those
5 four.

6 JILL HARRISON: I'm sorry. I'm totally confused now
7 because I have---.

8 MARK SWARTZ: The columns are continued. They
9 appear once and then they repeat again in the back.

10 SANDRA RIGGS: Go all the way to the end of the
11 spreadsheet.

12 JILL HARRISON: Well, I think I'm at the end and
13 this is 22-A. And what amount for 22-A?

14 LES ARRINGTON: 22-A?

15 JILL HARRISON: Uh-huh.

16 SANDRA RIGGS: One thirty-one eighty-five (131.85).

17 JILL HARRISON: I have a thousand forty-two ten
18 (1,042.10).

19 LES ARRINGTON: Okay. I'll probably need to go back
20 and revisit this one. I see she's added a column in this one
21 for some reason.

22 JILL HARRISON: What I have agreed with tract 21-A,
23 then the next three numbers, I have different amounts in the
24

1 columns that I have.

2 LES ARRINGTON: Okay. I'll get this one revised. I
3 see that it does have some---.

4 SANDRA RIGGS: We need a revised spreadsheet for
5 South Longwall Nine?

6 LES ARRINGTON: Uh-huh. I think I see what she's
7 done here.

8 (Les Arrington and Mark Swartz converse.)

9 MARK SWARTZ: Well, just to alert you, I mean, what
10 it looks like is happening, if you look at 21-A or 22-A, the
11 probable explanation for multiple columns is different owner
12 numbers under the tract and you probably need to add those
13 together to get the total. But, Les is going to check that
14 and get you a revised spreadsheet.

15 LES ARRINGTON: That's what she's done. There was
16 two owner numbers. Why they do that...they had two different
17 owner numbers set up for it and there's two tract 21-A's,
18 there'll be two tract...there's two of everything and those
19 totals probably need to be added together.

20 SANDRA RIGGS: Oh, I see. Okay.

21 LES ARRINGTON: That's what that is. I'll just get
22 it from mine.

23 CLYDE KING: It's there but we just need to combine
24

1 it.

2 LES ARRINGTON: Yeah.

3 JILL HARRISON: Mark told me I had twenty minutes.

4 MARK SWARTZ: Do we...do we...do you have the tracts
5 for SLW-5, 6, and 8?

6 JILL HARRISON: I have that information if you'd
7 like for me to go through it. I have my copies of my
8 spreadsheets if somebody would like to use them while
9 I...okay. On the South Longwall Eight, I'll just go in the
10 order that I have them in my papers, the following tract
11 numbers: tract 52, 52A, 52B, 54, 55A, 55D, and the total, I
12 believe, will come to five thousand forty-three dollars and
13 seven cents (\$5,043.07). On South Longwall Six, would be
14 tracts 20, with an accounting number of 12A; tract 22,
15 accounting number of 2A; tract 24, with an accounting number
16 of 14A; tract 25, with an accounting number of 3A; tract 27C,
17 accounting number 4A; tract 27D, accounting number 5A. And I
18 believe the total will come to sixty-six thousand seven
19 hundred sixty-three dollars and ninety-one cents
20 (\$66,763.91). On the South Longwall Five, tract six,
21 accounting number 5A; tract 7, accounting number 6A; tract 8,
22 accounting number 7A; tract 9, accounting number 8A; tract
23 10, accounting number 9A; tract twelve, accounting number

24

--

1 11A; tract 12A, accounting number 12A; tract 13, accounting
2 number 13A; tract 14, accounting number 14A; tract 15,
3 accounting number 15A; tract 16, accounting number 16A; and
4 tract 16B which is accounting number 18A. And I believe the
5 total will be one hundred fifty-four thousand eight hundred
6 nine dollars and eighteen cents (\$154,809.18).

7 BENNY WAMPLER: Do you have anything further?

8 JILL HARRISON: No, sir.

9 BENNY WAMPLER: Do you have anything further, Mr.
10 Swartz?

11 MARK SWARTZ: No. It is all Mr. Kiser.

12 JILL HARRISON: So, that's why you wanted over here.

13 BENNY WAMPLER: We have before us an application to
14 approve the calculation as presented. I guess we have...we
15 are going to be awaiting the modification of two
16 spreadsheets.

17 JILL HARRISON: Three.

18 BENNY WAMPLER: Is it three?

19 JILL HARRISON: X-29, W-29 and the South Longwall
20 Nine.

21 BENNY WAMPLER: That's right. X-29. Three
22 spreadsheets. Subject to that supplemental to file to the
23 application, then as for disbursement; approval of the
24

1 calculation with the supplement spreadsheets and
2 disbursements.

3 CLYDE KING: Is that subject to the changing of
4 the---?

5 JILL HARRISON: I wouldn't anticipate that we're
6 going to disagree with the changes that are going to be made.

7 CLYDE KING: Is it in order to do it all together or
8 each separately?

9 BENNY WAMPLER: Well, I called them all together so
10 that we could do it all together. If there's no...and there
11 is no disagreement before the Board.

12 MARK SWARTZ: Well, just...with regard to X and W, I
13 think what maybe before the Board is to authorize us to make
14 the change, you know, that we've already described. So, as
15 long as we do that---.

16 BENNY WAMPLER: So, change...to revise the
17 spreadsheets.

18 MARK SWARTZ: ---I'm not sure we need to have
19 another hearing on---.

20 SANDRA RIGGS: To do the transfer.

21 BENNY WAMPLER: That's what I'm saying---.

22 MARK SWARTZ: Okay.

23 BENNY WAMPLER: ---I'm agreeing with that. We
24
--

1 have...I'm not hearing any disagreement in the information,
2 the calculations before us at this time. Is that correct?

3 MARK SWARTZ: Okay.

4 JILL HARRISON: Yes, sir.

5 BENNY WAMPLER: Both parties. So, subject to the
6 supplemental file of the information that we've had discussed
7 here today, then we're okay if the Board chooses to approve
8 the calculation and disbursement as a group.

9 CLYDE KING: So, we need just a motion to approve
10 what was just presented to us subject to the changes?

11 BENNY WAMPLER: On those three.

12 SANDRA RIGGS: It is X-29, W-29 and the third one
13 was?

14 MARK SWARTZ: SLW-9.

15 SANDRA RIGGS: 9?

16 MARK SWARTZ: 9.

17 BENNY WAMPLER: 9.

18 SANDRA RIGGS: SLW-9.

19 BENNY WAMPLER: Is there a motion to that effect?

20 CLYDE KING: I so move, Mr. Chairman?

21 BENNY WAMPLER: We have motion to approve the
22 calculation and disbursement.

23 MASON BRENT: I second.

24

1 BENNY WAMPLER: Second. Any further discussion?
2 (No audible response.)
3 BENNY WAMPLER: All in favor, signify by saying yes.
4 (All members signify yes.)
5 BENNY WAMPLER: Opposed, say no.
6 (No audible response.)
7 BENNY WAMPLER: You have approval.
8 JILL HARRISON: Thank you very much.
9 MARK SWARTZ: Thank you all.
10 JILL HARRISON: And if I may, may I please---.
11 CLYDE KING: It is delightful to see you all agree.
12 JILL HARRISON: Once you get over the bumps,
13 everybody agrees. If I may, may I see the orders once again
14 just to check the accounting information against it?
15 SANDRA RIGGS: Yeah.
16 BENNY WAMPLER: Sure.
17 JILL HARRISON: Thank you all very much. I
18 appreciate it.
19 BENNY WAMPLER: Okay. The next item on the agenda
20 is a petition from Cabot Oil and Gas Corporation for pooling
21 of a conventional gas drilling unit identified as number 23-
22 R; docket number VGOB-99-01/26-0708. We'd ask the parties
23 that wish to address the Board in this matter to come forward
24

1 at this time, please. They seem awfully anxious to turn over
2 to you.

3 JIM KISER: I don't know what to make of that. Mr.
4 Chairman and members of the Board, Jim Kiser on behalf of
5 Cabot Oil and Gas Corporation. This is a force pooling
6 petition that was continued from February. At this time, I'd
7 ask the Board that it be continued again until the April 20th
8 docket and that we are still trying to solve the same
9 problem, the same issue that we had previously with the one
10 unleased party within the unit. I would like to assure you
11 that we will have it resolved by then. Again...but I think
12 we will. There's been some progress being made and hopefully
13 we'll either go forward with that application on April 20th
14 or we will withdraw it.

15 BENNY WAMPLER: Any objection to a continuance?

16 (No audible response.)

17 BENNY WAMPLER: Without any objection, it is
18 continued to the next meeting.

19 The next item on the agenda is an appeal to, to the
20 inspector's decision in regard to permitting of an Equitable
21 Production Company operation identified as VC-3970,
22 application number 3702, docket number VGOB-99-03/16-0717;
23 and we'd ask the parties that wish to address the Board in
24

1 this matter to come forward at this time.

2 TOM FULMER: Mr. Chairman...Mr. Chairman, this is an
3 appeal based upon the inspector's decision. I hope you do
4 have the decision before you.

5 BENNY WAMPLER: We will get the other parties to
6 identify themselves for the record, please, before we start.

7 NINA McFALL: Okay. I'm Nina McFall. I own the
8 property in the question.

9 JIM KISER: Jim Kiser, on behalf of Equitable
10 Production Company, and if we call a witness in this matter,
11 it will be Mr. Manis who also works with Equitable Production
12 Company.

13 TOM FULMER: Mr. Chairman and members of the Board,
14 this is an appeal of a decision made by the director in
15 regards to a technical decision made by the director as to
16 the requirements under the law for the filing of an
17 objection. Those findings of fact is on page two (2).

18 BENNY WAMPLER: You want to go ahead and just review
19 those?

20 TOM FULMER: Okay. On those, was the...the letter
21 was item number two (2) of the finding of fact that Mrs...Ms.
22 Nina McFall, herein objecting party, was notified by
23 certified return receipt mail and signed by Ms. McFall the
24

1 attached return receipt for application number 3702 for
2 proposed gas and oil operations VC-3970 on January the 11th,
3 1999; and that the letter of objection received by the
4 Division of Gas and Oil on February the 11th...February the
5 1st, 1999. Again, see the letter of objection.

6 The decision basically followed section 45.1-
7 361.35(A) of the Code which states, "Objections to new or
8 modification permits may be filed with the Director by those
9 having standings as set out in section 45.1-361.30. Such
10 objections shall be filed within fifteen (15) days of the
11 objecting party receiving the notice required by section
12 45.1-361.30. Persons objecting to a permit must state the
13 reason for the objection."

14 The decision was based on the fact that the
15 objection was not received within the requirements of the
16 law.

17 BENNY WAMPLER: Ms. McFall.

18 NINA MCFALL: Well, I think it is a very great
19 unfair advantage to the mineral owners that...a property
20 owner who has a position as I have, traveling around the
21 world, and I'm not at home. Sometimes I'm gone three (3) or
22 four (4) months and do not get my mail regularly and to have
23 fifteen (15) days to send a letter back and make sure that it
24

1 gets here timely is a very unfair advantage to me. I was in
2 Canada when the letter arrived at my house. I flew home and
3 wrote the letter and got it in the mail, called and made sure
4 you knew that I was sending a letter. I was told it did not
5 arrive timely and that was the basis of that appeal. The
6 second...the appeal letter that I got, I had only ten (10)
7 days. Again, I was in Canada. I flew home and wrote the
8 letter, got it out the same day that it arrived; and so
9 therefore, that was received timely and I do have an
10 objection to this well going there. In fact, there is going
11 to be no well in that location. I will not negotiate. There
12 is not going to be any disruptions to where my children are
13 scattered. My grandmothers grave is also there. When the
14 surveyors came in...I flew in last week. I went down and
15 looked the situation over because I had not seen where the
16 survey stakes were. There's two (2) stakes...big stakes that
17 are not...that are not tied with ribbons. There are just
18 surveys...just stakes that someone has put there. The survey
19 stakes are above that. They cut a tree and hooked the survey
20 stake on a little tree and my grandmother's tombstone is
21 right there in the leaves within five (5) foot of that stake.
22 I...you know, I'm appalled that, without asking the owner,
23 that they could just go in and just say we're doing this. I

24

--

1 say you're not doing it and, you know, that's basically where
2 I'm going to stand. I will negotiate on the other side of
3 that land...on the other side of the road, but I will not
4 negotiate in that timber land.

5 BENNY WAMPLER: Thank you. Discussion?

6 JIM KISER: Well, our position would be essentially
7 the same as the Director's in that this appeal is technically
8 deficient in that she has not...as a matter of law, and
9 there's no record below to, to appeal from. We
10 will...obviously, as we have in the past, work with Ms.
11 McFall to, to the extent and accommodate her to...to the
12 extent that...as possible in order for us to, to stay within
13 the confines of our overall drilling plan and operations
14 planned for that area. You know, we want to, to get along
15 with her, obviously, as well as we can and I think we have in
16 the past.

17 NINA MCFALL: Oh, great.

18 JIM KISER: I don't know if we need to...to have Mr.
19 Manis address any of the issues regarding the grave site or
20 the survey stakes. If the Board thinks so, then we can swear
21 him in.

22 BENNY WAMPLER: Well, to...to the extent that it
23 could possibly resolve some concerns, you could go through
24

1 that. I mean---.

2 JIM KISER: Oh, we can do that.

3 NINA McFALL: I would have no water left. I would

4 have no water left. I have two (2) underground...that road

5 would go straight across my water supply. I would have no

6 water supply.

7 JIM KISER: Well, you're protected by a statute on

8 that.

9 NINA McFALL: Yes, I'm protected, but where am I

10 going to...to get the water.

11 JIM KISER: Well, if we were to...to destroy your

12 water supply, we would have to...to provide it.

13 NINA McFALL: I won't agree.

14 JIM KISER: I will provide you with a copy of the

15 statute. I don't know whether we need to...to...we might be

16 able to...to have Mr. Manis and Ms. McFall talk off the

17 record. I don't know that we need...I mean, our position is

18 that the appeal is deficient on its face as a matter of law

19 and, you know, we'll be glad...more than happy to, to talk

20 with her and work with her in any way we can. But I don't

21 know that it needs to...to be...if there is any reason for

22 that to..to done on the record.

23 BENNY WAMPLER: I understand.

24

--

1 NINA MCFALL: How would you feel having your
2 children there? Having someone coming in and doze your
3 children? No. You won't do that to...to me.

4 BENNY WAMPLER: Members of the Board, do you have
5 any questions about this?

6 MAX LEWIS: How close is this location to..to that
7 cemetery...the way that she's talking about?

8 NINA MCFALL: Mr...let's see, Mr. Manis, you said
9 you measured three hundred feet (300). That whole area,
10 there are six (6) babies in that area.

11 WAYNE MANIS: Not from the cemetery, I didn't.

12 NINA MCFALL: And one tombstone. Six (6) babies
13 scattered there and one tombstone.

14 MAX LEWIS: I would like to...to see you get
15 together and try to, to work something out, maybe to, to suit
16 both of you.

17 NINA MCFALL: I'm agreeable. I'm agreeable to..to
18 them if they can go across...across the road on the other
19 side, not where my house is, not below my house. There's a
20 big area here if you can see the map. This is where the well
21 site...I gave them permission to...to put a well here. There
22 is a well here. I was fine with that. I've had a lot of
23 problems with that, however, because once that was opened up,
24

1 the neighbors have driven us crazy in that area. However, I
2 gave permission and I was happy with it. This location I'm
3 not happy with because this is a cemetery. Plain and simple.
4 I use this. I'm a writer. I'm a novelist. I've written
5 many, many books in this area. This is where I come to..to
6 and sit, straight...straight below my house. Here is my
7 homesite. You can't see it where the road comes in.
8 Straight across from that road is where they want to...to put
9 the...in this area. This is my water supply. This is the
10 cemetery. I also have a drainage system going down from my
11 house for the sewer line. They had a flag right on the top
12 of my drainage field. I just...you know, I do't understand
13 why they have to...to go in that particular place. Why can't
14 you move it over here? Sure, maybe that's the coal seam.
15 But, you know, I'm willing to...to give you permission
16 to...to go any place except here and you may not go there.
17 Can you see the...this is the area here where they...you
18 know, where they have all the flags and where my
19 grandmother's tombstone is.

20 BENNY WAMPLER: What do those windows represent that
21 you're showing us. The pink and the green. Do you know?
22 Have they---?

23 NINA MCFALL: No, I...he gave me this. This

24

--

1 represents my land here, over to...to here. This is my land,
2 all of the yellow. This is the site that they want.

3 BENNY WAMPLER: Okay.

4 NINA McFALL: And that is not a site that is
5 negotiable.

6 BENNY WAMPLER: The area you were pointing to...to
7 across the---.

8 NINA McFALL: Right.

9 BENNY WAMPLER: ---that you call across the road,
10 is that your land, also?

11 NINA McFALL: Right. Yes, this is all my land.

12 MAX LEWIS: What about over here on this...the other
13 side of---?

14 NINA McFALL: They have one well here and I...you
15 know, if they can put a well here or someplace, I would agree
16 to, to it.

17 MAX LEWIS: Well, what about here on the other side
18 of that---?

19 NINA McFALL: Well, my home is here.

20 MAX LEWIS: No. On the other side. Over there
21 where---.

22 NINA McFALL: That's Mr. Suth---.

23 BENNY WAMPLER: That's not her land. Her land is

24

--

1 identified in the yellow. Is...is that correct?

2 NINA McFALL: No. The yellow. The yellow line.

3 MAX LEWIS: Yeah.

4 NINA McFALL: And this is the area they want right

5 here. They have all this other land they could go to. The

6 road could even be moved if that was a thing, you know.

7 Where the road comes down, the road could even be moved.

8 They could use anything here. They may not use here. I

9 mean, I've given them almost all my land to...to use. Why do

10 they want to...to go over my babies?

11 There is...you know, I don't know how the coal seam

12 runs. I guess it runs here. But, I mean, that's a very

13 small portion of land compared to...to all this other that I

14 have.

15 MAX LEWIS: This right here that you're talking

16 about that they are wanting to...to drill, is that level?

17 Is...is that a level spot?

18 NINA McFALL: No, it isn't. It's on a hill. The

19 water to...to my...to, to my house drains from the top here

20 down.

21 MAX LEWIS: Contours---

22 NINA McFALL: Pardon?

23 MAX LEWIS: Contours a little. What's that mark and

24

1 how many feet is those contours on that?

2 NINA McFALL: Let me---.

3 MAX LEWIS: Twenty (20).

4 WAYNE MANIS: Forty (40).

5 MAX LEWIS: Forty (40)?

6 CLYDE KING: Can you identify the grave sites on

7 this?

8 NINA McFALL: My babies are scattered every place.

9 It is ashes. There's only one grave. There are six (6)

10 babies. I have four (4) babies. My sister has a baby and my

11 son has a baby. They are all right there and my

12 grandmother's tombstone has been there since 1948.

13 CLYDE KING: I mean, can you show us where it is?

14 NINA McFALL: Yeah, I can show you on the map. I'll

15 kind of point here. You've got...let me show right here.

16 CLYDE KING: What have you got? Have I got the same

17 thing you've got?

18 NINA McFALL: You've got the same thing, I believe.

19 Yes. It is just marked. Okay. This...let me get around

20 here. Okay. The road...the road comes in. My house is here

21 and they want to, to go in the green area. This is the well

22 site they want. From...I don't know if it's the well site

23 that they have marked with the two (2) stakes. I'm not sure

24

1 of that. But there are two (2) stakes there, which I'm
2 assuming is where they're wanting to...to put the well.
3 About five (5) feet from that is my grandmother's tombstone,
4 and it's right there. I don't know how they could have
5 missed it. I went down and I was shocked to...to see that
6 they had placed it right there. Even if they moved it down
7 the hill, say, even a hundred (100) or a two hundred (200)
8 feet, I still...my babies are there. You know, my...they are
9 scattered all in this area.

10 MAX LEWIS: They'd be scattered two hundred (200)
11 foot apart?

12 NINA McFALL: They're scattered...they were ashes.
13 We walked and scattered. You know, they're scattered all
14 through there. There are six (6) babies and one tombstone.
15 I can't...can't see why this couldn't be done a little higher
16 up across the road or...I asked them, could he back it up and
17 put it on the neighbor's land. He said no. I asked him if
18 he could go on the other side and put it on Mr. Ramsey's land
19 and he said no. So, I...I...you know, I don't know why they
20 have to, to have this particular spot. I mean, there's a
21 road that comes in there right directly in front of my house.
22 They could even put it on the road and build the road a
23 different way.

24

--

1 MAX LEWIS: Is that road on your property?

2 NINA McFALL: Yes, it goes right through the middle
3 of my property.

4 CLYDE KING: Is.... is there a tombstone everywhere
5 each---.

6 NINA McFALL: No, not for the ashes.

7 CLYDE KING: ---grave is.

8 NINA McFALL: Not for the scattering of the ashes,
9 just one tombstone.

10 CLYDE KING: Oh, ashes.

11 NINA McFALL: There's one stone there that
12 represents all the children. It's just little small thing.
13 But it just represent---.

14 CLYDE KING: So, these are ashes.

15 NINA McFALL: Yeah, these ashes. These are not, you
16 know, bodies, but they're there.

17 JIM KISER: Mr. Chairman, at this time, let's go
18 ahead and have Mr. Manis talk about why the well is located
19 where it is and, you know, what we've considered and those
20 sort of things in the hopes of helping Ms. McFall get this
21 thing worked out.

22 BENNY WAMPLER: Okay. You want to have him sworn
23 in.

24

--

1 JIM KISER: Yeah, we'd better swear him in.
2 (Wayne Manis and Nina McFall was duly sworn.)

3

4 WAYNE MANIS
5 having been duly sworn, was examined and testified as
6 follows:

7 DIRECT EXAMINATION

8 QUESTIONS BY MR. KISER:

9 Q. Okay. Mr. Manis, could you state your name
10 for the record and who you are employed by and in what
11 capacity?

12 A. Wayne Manis. I'm employed by Equitable
13 Production Company as a land man.

14 Q. And do your responsibilities as a land man
15 include picking locations for various wells and handling
16 relations with surface owners?

17 A. Yes.

18 Q. And how long have you been doing that?

19 A. Fourteen (14) years.

20 Q. Okay. Now, you...you've heard the testimony
21 of Ms. McFall earlier today...earlier this morning. Could
22 you, for the Board, explain why this particular location was
23 chosen for VC-3970? And I'll tell you what, let me give

24

--

1 these out to you guys.

2 (Mr. Kiser hands the exhibit to, to Mr. Wampler.)

3 WAYNE MANIS: Let me have one of those, Jim.

4 BENNY WAMPLER: Just hand them to me and I'll

5 distribute them.

6 A. Okay. Are we ready? Does everyone have a

7 map? If you'll look...if you'll at the yellow line that's

8 show on that map that each of you have, that's...that's

9 outlining Ms. McFall's property line. If you'll look at the

10 square there, the orange line, that's a sixteen hundred

11 (1,600) foot square based on the grids...the grid section

12 that's designated for---.

13 Q. I think he means pink.

14 A. What did I say?

15 Q. Orange.

16 A. I'm color blind. I'm sorry. Whatever that

17 color is. That's the...that's what we refer to, to as

18 exterior grid line. The green...the green line that you see,

19 that's the interior grid line. Anywhere inside that thousand

20 (1,000) foot square of the interior inside the green is a

21 legal location based on the Division of Gas and Oil rules and

22 regulations. If you look at...if you look at the blue spot

23 there that says VC-3970, that particular spot is about

24

1 fifteen (15) feet inside in the grid line of the interior
2 grid. The reason that well is...is proposed at that spot is
3 based on the typography of the area, and to get our spacing
4 from other wells, we have to be in that general area to be a
5 legal location, based on Division of Gas and Oil rules and
6 regulations.

7 The water line that, or the water supply, that Ms.
8 McFall is talking about will be approximately two hundred
9 (200) feet to, to the south of...of where the spot for the
10 well is proposed, and we would be crossing a water line that
11 goes to her residence.

12 NINA MCFALL: Two (2) water lines.

13 A. Two (2) water lines. Excuse me.

14 NINA MCFALL: One goes...one goes to our home and
15 one is outdoor for the yard, gardening and the cars.

16 A. And those...those water lines would be
17 placed in metal pipe and protected. I'm sorry. The stone
18 that she's talking about, this is...I've never seen it on the
19 ground out there and this is the first...the first time I've
20 heard anything mentioned of ashes and head stones and
21 certainly, if there's a...if there's a headstone there, we
22 would need to, to locate it and be satisfied that whatever
23 operations would be wouldn't infringe in that area.

24

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1 Q. Okay. She had...Mr. Manis, she had talked
2 about moving the location to the east across the road. Why
3 can't you do that?

4 A. That would be into the next grid and the
5 well VC-3703 that was placed on her property a couple of
6 years ago is already occupying that particular grid.

7 Q. Okay. Well, what about going to, to the
8 west. Why can't you do that?

9 A. The terrain west of this location does not
10 lend itself to, to...to, to surface disturbance strictly
11 because of...of the problem with erosion and sediment
12 control.

13 NINA McFALL: May I ask a question of Mr. Manis?

14 A. Yes.

15 NINA McFALL: Why was I not told when this first
16 well went in that you wanted to put another one over here so
17 they could have been spaced? Why was it never mentioned that
18 there---?

19 A. Ms. McFall, at the time that particular well
20 was drilled, 3703, a couple of years ago, this...this
21 particular grid was never considered at that time.

22 NINA McFALL: Well, how come it can't be...just be
23 forgotten?

24

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1 A. I'm not...I'm not an expert on the reason
2 they pick wells where they do, but I know that they watch the
3 reserves and the pressures on these wells and then offset and
4 that's what they've done in this case, I'm sure.

5 JIM KISER: In other words, another well being
6 drilled within your surface tract would have been dependent
7 upon the success of the first well.

8 NINA McFALL: Right. Right. But if they had even
9 considered that they were going to, to put another well, they
10 should have told me that before the first well went in and
11 made arrangements to, to not...you know...this is really
12 upsetting. Have you gotten permission from Mr. Ramsey and
13 the guy at the end of the road, Mr. Sutherland? No, I think
14 he passed away.

15 A. Well, Ms. McFall, if you're...if you're
16 asking do we have permission, no, ma'am, we don't.

17 NINA McFALL: Oh, okay.

18 A. We're not...we're not seeking a right of
19 way. We have an agreement with Mr. Ramsey to, to cross his
20 property, but we didn't seek permission, nor a right of way
21 from him.

22 NINA McFALL: Uh-huh.

23 A. But, yes, we do have an agreement with him.

24

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1 A gentlemen's agreement and he was notified properly and put
2 on notice of our intent to drill.

3 Q. So, Mr. Manis, to sum up, it would be your
4 testimony that given the typography involved in this area and
5 given the existing well to the east and given a statewide
6 spacing or, in this case, field rules that there is no
7 alternative site for this location?

8 A. Not...not in the interior grid.

9 BENNY WAMPLER: What do you rely on for your right
10 of entry to this property?

11 JIM KISER: The common law rights to the necessary
12 and reasonable use of the surface from a supplemental tract.

13 SANDRA RIGGS: This isn't a pooled unit, is it? Do
14 you know?

15 JIM KISER: I don't think so. No, it is all
16 Clinchfield. It is all Pine Mountain minerals. No, we're
17 not trying to get any surface rights on the drill site tract.
18 It will be a force pooling order, if that's your question.

19 SANDRA RIGGS: Okay.

20 WAYNE MANIS: And it is all Pine Mountain.

21 BENNY WAMPLER: Just...just for...just for
22 clarification for the Board, we're kind of venturing beyond
23 what the application before the Board is. The application
24

1 before the Board clearly is to appeal the inspector decision
2 and nothing more. The inspector decision was based on the
3 time limits of the objection. But in the interest of seeing
4 if we can place this out any and help the parties, you know,
5 we're venturing beyond that decision. I just want to make
6 everyone mindful of that.

7 MASON BRENT: What is the distance requirement from
8 a cemetery for a well?

9 TOM FULMER: You want to ask me?

10 SANDRA RIGGS: There is no distance requirement in
11 the statute. The only provision in the Gas and Oil Act that
12 deals with cemeteries is one that addresses abatement of
13 operations for a period of time while a funeral is going,
14 kind of thing---.

15 MASON BRENT: While a service is going on.

16 SANDRA RIGGS: ---and you have to give notice to
17 owners within two hundred and fifty (250) feet, if you're
18 drilling a well and there's a funeral service, so that you
19 abate operations during that period of time and that's the
20 only provision within the Gas and Oil Act that refers to
21 cemeteries per se. That's found at 45.1-361.29(H).

22 JIM KISER: It is a relatively new provision.

23 MASON BRENT: I was familiar with that provision.

24

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1 CLYDE KING: What is the definition of a cemetery?
2 Does that...does that include the ashes?
3 JIM KISER: I have no idea.
4 CLYDE KING: I'm sorry. I'm lost.
5 NINA McFALL: I would certainly think so.
6 SANDRA RIGGS: There's---.
7 NINA McFALL: I mean, where I live, we have lots of
8 ashes cemeteries.
9 SANDRA RIGGS: There's---.
10 CLYDE KING: I know...but you know a lot of people
11 spread ashes on the...in the ocean and like my wife would
12 like to have hers in Myrtle Beach, I guess.
13 TOM FULMER: I don't think that was ever defined.
14 SANDRA RIGGS: Cemetery is not defined in the Gas
15 and Oil Act. I think it is defined in the Surface Mining
16 Control and Reclamation Act as being a place where bodies are
17 interred.
18 MASON BRENT: But it is really a moot question here
19 because there's no protection provided in the Statute for
20 cemeteries.
21 BENNY WAMPLER: Right.
22 MASON BRENT: Mr. Manis, you mentioned that there
23 is...there is no other location within the interior grid---.
24

1 WAYNE MANIS: Yes.

2 MASON BRENT: ---to site that well which I'm
3 assuming is to the west. Is there any other appropriate
4 location to the right even though you would be within the
5 offset from the existing well?

6 WAYNE MANIS: To the right.

7 JIM KISER: To the east of you.

8 MASON BRENT: Which I'm assuming is east?

9 WAYNE MANIS: No, sir.

10 MASON BRENT: There is no location to the east?

11 WAYNE MANIS: No, sir.

12 Q. Mr. Manis, if I may also, too, can you...I
13 think everybody hopefully has a copy of the permit package.
14 Can you kind of talk about the stakes and what they are and
15 what...where they are in relation to, to the actual well
16 spot?

17 A. If you look...if you look in the permit
18 application itself, it has the unit showing the well spot and
19 the pertinent information as to mineral owners. If you look
20 at where the particular well spot is designated, you'll see
21 the lines running out to the east and to the northeast. It
22 says IP, spike nail in one of them and the other says IP.
23 Those...those reference points are points on the ground that
24

1 will not disturb at any time during the construction and
2 drilling of this...of this particular location. What those
3 points are for if you...if you go from the point to the
4 south...if you measure a 163.39 and then you go to the spot
5 to the east with another tape measure and measure a 139.19,
6 where those cross is where that stake for the well spot
7 itself is located physically on the ground. There
8 won't...there will not be any surface disturbance in that
9 area because we need those reference points through out the
10 duration.

11 Q. And how many feet are we from the house?

12 A. The well...the well stake itself is three
13 hundred and fifty-one (351) from the corner of Ms. McFall's
14 house, the rear corner.

15 CLYDE KING: Three fifty-one (351)?

16 A. Three fifty-one (351). I measured that
17 personally with a tape measure. As I may add, at Ms.
18 McFall's request.

19 BENNY WAMPLER: Do you have anything further?

20 JIM KISER: Ms. McFall...if I could ask her just one
21 question and I don't mean...don't take this, and I preface it
22 by saying I don't mean any disrespect, or I don't want to get
23 you emotionally upset. But Francis was my mother, who died

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1 back in '86, was cremated and her ashes are actually buried
2 at the church that we attended in Durham, North Carolina.
3 Are these ashes actually like in a container and in the
4 ground or are they just actually scattered?

5 NINA McFALL: No, they're not in a con...they were
6 in a container until we scattered them.

7 JIM KISER: Until you scattered them.

8 WAYNE MANIS: If...if I may add, if Ms. McFall had
9 a...had of told us two (2) months ago or whenever...whenever
10 this permit was proposed, we would definitely have reviewed
11 the situation out there to see if there is something there
12 that...that we as individuals with conscience would not want
13 to disturb.

14 NINA McFALL: And what difference would it make?
15 You tell me now that you can't go any place else. What
16 difference would that have made? This...this is not a public
17 cemetery. It's a private place.

18 WAYNE MANIS: Well, private or public, we're not
19 going to disturb...knowingly disturb the dead.

20 NINA McFALL: Well, then I would say you need to
21 move your stakes because they're certainly within a very few
22 feet of my grandmother's stone.

23 BENNY WAMPLER: Does the Board Members have any
24

1 other questions?

2 MAX LEWIS: How close...how close is that stone to
3 where the well is being drilled?

4 NINA MCFALL: Oh, probably within six (6) feet.
5 Probably within five (5) feet. It's very close. It is right
6 there. Right...I can't see how they didn't see it.
7 It...part of it was covered by leaves because leaves had
8 fallen. But I can't see...you know, I mean...it was obvious
9 whoever went in there cut a lot of little bushes around there
10 and hung some of their little flags on the bushes. But the
11 stone was exposed and it is written. You know, it's written
12 with my grandmother's name, her date of birth and death and
13 little quotation. So, you know, you'd have to be blind, you
14 know, or it would have to been covered with something and it
15 isn't covered. The stone itself is sitting up, but the
16 bottom had leaves around it.

17 JIM KISER: I'm sorry. I'm somewhat confused. I
18 thought the stone was by the stakes?

19 NINA MCFALL: No...no, I don't know if the stakes
20 that are there are the stakes where they want to put the
21 well. There are two (2) stakes there. There are ribbons on
22 the trees. There are two (2) ribbons. There is pink and
23 blue ribbons in that area.

24

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1 WAYNE MANIS: The well...the well spot itself, the
2 stake that's in the ground designating the well spot, has got
3 in black letters on a wooden stake VC-3703.

4 NINA MCFALL: Oh, I don't know if this had anything
5 written on it.

6 WAYNE MANIS: 3970. I'm sorry.

7 BENNY WAMPLER: I think that's why they were
8 going...they were identifying on the plat where the IP stake,
9 is that correct, when you were identifying the distance and
10 you said that was a hundred (100)...how far? Do you recall?

11 WAYNE MANIS: One stake is a 161.39 feet and the
12 other one was a 139.19 feet.

13 BENNY WAMPLER: Right. It's on the plat. Do you
14 have that plat?

15 WAYNE MANIS: Yes, sir.

16 BENNY WAMPLER: Okay. So, the distances are located
17 there.

18 NINA MCFALL: I'm sure it's the same stake. I mean,
19 I walked the whole area. I saw every stake there. I went
20 over the absolute entire land. Both sides of the road, back
21 and forth through...and it looks exactly the same location.
22 There are two stakes there at one point and they are within
23 very few feet of my grandmother's tombstone.

24

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1 JIM KISER: I think what Mr. Manis is saying is
2 those are the survey stakes, not the actual well location
3 stake.

4 WAYNE MANIS: I don't know whether I'm saying that
5 or not.

6 MAX LEWIS: Did you see anything wrote on these
7 stakes?

8 NINA McFALL: I...I really didn't check to see if
9 anything was wrote on them. I just know...and it looks like
10 the exact location because it's...it's just cater-cornered
11 from my house and it's just about the number of feet he told
12 me on the phone. I started...I started...I went to the, you
13 know, where my property line begins, I followed it all around
14 the edges and then I went back and forth through to see where
15 they had put stakes. I saw all those little flags and little
16 stakes and things they had hanging on the trees. Over to
17 that point, there were no flags or stakes on across until
18 over at the very edge of the property. So, and I think those
19 were just surveys showing the points of...the edges of the
20 land. But, I'm positive those are the two stakes they have
21 there.

22 WAYNE MANIS: Ms. McFall, on the ground, those high
23 piece stakes would be between where the well is and where
24

1 your house is sitting up there.

2 NINA McFALL: Right. Right.

3 WAYNE MANIS: Yeah. So, it's for clarification.

4 MASON BRENT: Are they the stakes you're talking
5 about?

6 NINA McFALL: Uh-huh. I'm sure they are.

7 MASON BRENT: Because that's not the well site,
8 correct?

9 WAYNE MANIS: Correct.

10 MASON BRENT: That's not the well site.

11 NINA McFALL: Well, any place in this center that
12 you go, it doesn't matter where you go. In the center of
13 this land below my house, there are babies there. Any place.
14 It doesn't matter where you go. And just like I told him,
15 the only place there is not ashes is at the very bottom of my
16 land. Right here. We did not scatter anything close to
17 anyone else's borders. We didn't scatter them close to this
18 border or this border. They're all in the center of this
19 land. That's why I asked him, can't you move it over? Can't
20 you move it back? And he said no. Can't you move it the
21 other way, you know.

22 CLYDE KING: Mr. Chairman, I have some questions.
23 This...you received proper...you signed for these
24

1 notifications.

2 NINA McFALL: My husband signed the first one, I was
3 in Canada. I did not sign that, my husband.

4 CLYDE KING: Did he have...was he aware of what he
5 was signing?

6 NINA McFALL: No, he had no idea what he signed. He
7 just, you know---.

8 CLYDE KING: But, I mean, he opened the envelope?

9 NINA McFALL: No, he didn't open it until, like when
10 he received it, he called me and said you received a packet
11 in the mail. It's kind of thick, and that was like the next
12 day he opened it and I said read it to me; and I flew
13 straight home, got the letter in the mail as fast as I could.

14 WAYNE MANIS: For the record, Ms. McFall called me
15 when she received the permit and it was some almost three
16 weeks later that we got her objection in the mail.

17 CLYDE KING: I...I wonder, you know, Equitable
18 Resources is a company that has always been very much abiding
19 by the rules and I really have a question about ashes that
20 are spread, whether that is a technical...maybe we've got a
21 legal problem.

22 NINA McFALL: Definitely if they plan to go there,
23 we'll have a legal problem.

24

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1 SANDRA RIGGS: Well, I think you have to look at
2 what the jurisdiction of this Board is and this Board's
3 jurisdiction is controlled by the Virginia Gas and Oil Act.
4 Issues of property disputes, and they say the right of access
5 onto your property is the necessary and reasonable rights
6 they need by virtue of the severance of the gas and oil from
7 the surface estate and it's common law right. Those common
8 law rights would be interpreted by a court of competent
9 jurisdiction, not by this Board. This Board can't resolve
10 property issues. From a permitting point of view, the reason
11 this Board is here is to hear Mr. Fulmer's appeal which has
12 to do with the timeliness of your objection. Under the Act,
13 you have fifteen days to object and what he found was that
14 the objection was not timely because it wasn't received
15 within the fifteen days.

16 NINA McFALL: Well, I don't know how it could have
17 gotten here that late. You know, it only takes five days for
18 a letter to cross the country. That was much farther
19 than...longer than five days and I did call my objection in
20 to whoever the lady was that answered the telephone. I
21 talked to her three times and told her that I objected, I
22 want it noted that I objected, and that I was sending a
23 letter.

24

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1 BENNY WAMPLER: Was that the first time or second
2 time?

3 NINA McFALL: First time. I was, you know, I was
4 really shocked when I got it the first time.

5 JIM KISER: Mr. Chairman, at this time, I've got an
6 idea, if it's acceptable to Ms. McFall, and hopefully it will
7 be. She's probably the one that needs to make the motion as
8 it is since she's the movant here. What we would like to do,
9 if it's agreeable with her, obviously we stand on our
10 position that the appeal from the director's decision is
11 technically efficient, but at the same time, in the interest
12 of working with Ms. McFall and in the interest of being a
13 good corporate citizen, if she's agreeable, we would like to
14 continue this matter for thirty days and, you know, meet with
15 you and see if we can get this thing worked out.

16 NINA McFALL: I can't say that I can come back in
17 thirty days. I've been here two times.

18 JIM KISER: Are you going to be here for the next
19 week or so?

20 NINA McFALL: I'm going to be here, yes, but I'll
21 just be here until the thirty-first because I am on a book
22 tour in Canada.

23 SANDRA RIGGS: Based on the record you've heard
24

1 today, if you continue it and there's no further evidence to
2 be presented, you could make your decision.

3 JIM KISER: I think if we can work this thing out, I
4 think we can do it before you go, I think we can do it in
5 nine days. We just need to, you know, get you...get out on
6 the ground, get you and Mr. Manis together and get some of
7 the other operations people with Equitable involved and
8 through some conversations I've had with their various
9 representatives, I think we can work this out to your
10 satisfaction.

11 NINA MCFALL: Not if you're going to build a road
12 right through there and put a well right in where my babies
13 are, it won't be agreeable.

14 BENNY WAMPLER: Well, let's just go...we can go
15 ahead and make a decision today if that's, you know, if
16 you're not prepared to do that. The Board has heard the
17 information. You have before you the inspector's decision.
18 I guess we're at the point of, do we have a motion?

19 MAX LEWIS: I'd like to make a motion that we
20 continue for thirty days and see if they can't work out
21 something between them. I put that in the form of a motion.

22 BENNY WAMPLER: She's not agreeable.

23 CLYDE KING: Ms. McFall is not agreeable to it.

24

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1 NINA McFALL: Not at this location. But, you know,
2 if they moved it up to the road, even part of my yard of my
3 house, but not down there.

4 CLYDE KING: Of course, they're willing to talk to
5 you.

6 JIM KISER: What we're saying, I think maybe we can
7 agree on a spot other than that, you know, if we can get
8 together. What we're trying to do is buy some time to get
9 together and talk about that. We're trying to help you here.

10 NINA McFALL: Well, I'll be here until the thirty-
11 first. I'm leaving the thirty-first. I have to be in
12 Canada.

13 WAYNE MANIS: If I may interject, if Ms. McFall
14 would give me ten minutes alone with her, we could have an
15 agreeable location that would require location exception.

16 TOM FULMER: Mr. Chairman, can I clear this up
17 because we've gotten confused here. Other than the appeal
18 that's before you, the permit's already been issued. So, if
19 you have a move, it's a modification.

20 BENNY WAMPLER: Right.

21 TOM FULMER: There'll be renotice. There'll be a
22 second chance to object.

23 BENNY WAMPLER: The Board will recess for ten
24

1 minutes.

2 (Off record. Break for ten minutes.)

3 BENNY WAMPLER: I believe some progress was made.

4 JIM KISER: I think we have an agreement between Ms.
5 McFall and Equitable Production Company to meet out on the
6 property before she returns to the state of Washington.
7 Possibly this afternoon. We've identified a couple spots
8 that will still be within the exterior unit and on her
9 surface that they're going to...that Mr. Manis and a couple
10 other EPC personnel are going to meet with her about, and
11 hopefully it'll be agreeable with everybody and will, of
12 course, require Equitable to file a permit modification and
13 seek a variance in that modification. But, we're willing to
14 do that and it certainly appears to be at this point, you
15 know, sort of...absent of some sort of typography question on
16 these potential spots that we've picked out, that this will
17 be able to be worked out. So, unless Ms. McFall objects, we
18 would like to...the Board to reconsider their motion to
19 continue this for thirty days.

20 NINA MCFALL: I don't object to the site that
21 they've chosen because it's far enough away from my water
22 supply and it's about the farthest point from my house. If
23 that would work for them, I'm agreeable to that.

24

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1 CLYDE KING: Mr. Chairman?

2 BENNY WAMPLER: Mr. King.

3 CLYDE KING: Our next meeting's less than thirty
4 day, isn't it?

5 BENNY WAMPLER: The 20th of April.

6 JIM KISER: Oh, I'm sorry. We'll continue it to
7 April 20th. I mean, this will be worked out, more than
8 likely, before she goes back on the 31st.

9 BENNY WAMPLER: You're in agreement with the
10 defendants, Ms. McFall?

11 NINA MCFALL: Yes, I am.

12 TOM FULMER: What are we continuing for?

13 SANDRA RIGGS: The appeal of the inspector's
14 decision with respect to the timeliness issue. That's the
15 only thing before the Board.

16 BENNY WAMPLER: See, it'll become moot. If, in
17 fact, you know, if you have a modification and work out a
18 location.

19 TOM FULMER: Okay. I'm trying to get it straight in
20 my mind.

21 BENNY WAMPLER: By continuing and allowing us to
22 work out.

23 TOM FULMER: Okay.

24

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1 CLYDE KING: It'll still just be a matter of us
2 approving the site.

3 BENNY WAMPLER: We won't have anything in there.
4 This is really between them.

5 MASON BRENT: And I think it's important to repeat
6 for Ms. McFall's sake is the issues that you're dealing with
7 here are beyond the authority of this Board. Are you aware
8 of that?

9 NINA McFALL: I'm aware of it. But, if you go down
10 there, I'll still give you a heck of a fight and I'll dwell
11 on it until I die.

12 MASON BRENT: This will not...this will not be the
13 venue for your fight is really my point.

14 BENNY WAMPLER: No, that'd be in Circuit Court.

15 CLYDE KING: The fight's not with us. It'll be with
16 the judge.

17 JIM KISER: Well, in my representation of my client,
18 Equitable Production Company, let me restate the presidential
19 value that we stand on our position that this appeal is
20 technically deficient. But, the reason that we're agreeing
21 to this continuance is to work things out among the parties,
22 so that everybody can get along together out there and
23 hopefully it's a better relationship for everybody in the

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1 long term.

2 BENNY WAMPLER: Noting for the record, there's no
3 objection to continuances. Continued to the next meeting.
4 Thank you.

5 The next item on the agenda is a petition from
6 Equitable Production Company for pooling of conventional gas
7 well identified as V-3832, docket number VGOB-99-03/16-0712.
8 We'd ask the parties that wish to address the Board in this
9 matter to come forward at this time.

10 MORGAN BOLLING: Mr. Chairman and members of the
11 Board, my name is Morgan Bolling and this is my wife Betty,
12 and we're property owners affected by your decision and we
13 want to state that we are favorable...we are in favor of the
14 Board's granting this petition.

15 BENNY WAMPLER: Okay. Thank you. Mr. Kiser?

16 JIM KISER: Mr. Chairman, members of the Board, Jim
17 Kiser on behalf of Equitable Production Company. Our
18 witnesses in this matter will be Mr. Dennis Baker and Mr. Bob
19 Dahlin. Neither of whom have been sworn at this point.

20 (Both witnesses are sworn by the Court Reporter.)

21

22 DENNIS R. BAKER

23 having been duly sworn, was examined and testified as

24

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1 follows:

2 DIRECT EXAMINATION

3 QUESTIONS BY MR. KISER:

4 Q. Okay. Mr. Baker, would you please state
5 your name for the record, who you're employed by, and in what
6 capacity?

7 A. My name is Dennis R. Baker, employed by
8 Equitable Production Company as senior land man.

9 Q. And your responsibilities include the land
10 involved in the unit for V-3832, a conventional well and in
11 the surrounding area?

12 A. Yes, it does.

13 Q. And you're familiar with EPC's application
14 for the establishment of a drilling unit and the seeking of a
15 pooling order for EPC well V-3832 which was dated February
16 the 11th, 1999?

17 A. Yes, I am.

18 Q. Now, does Equitable own drilling rights in
19 the unit involved here?

20 A. Yes, we do.

21 Q. Okay. Does the proposed unit that's
22 depicted in revised exhibit A to the application include all
23 acreage within the unit that we are seeking to establish
24

1 through this pooling order?

2 A. Yes, it does.

3 Q. Okay. Now, prior to filing the application,
4 were efforts made to contact each of the respondents and an
5 attempt made to work out an agreement regarding the
6 development of the unit?

7 A. Yes, it was.

8 Q. What is the interest within the unit in the
9 gas estate under lease to Equitable, or what was the interest
10 at the time of the application?

11 A. At the time of application the interest
12 leased to Equitable was seventy-nine point one six percent
13 (79.16%).

14 Q. Okay. And are you familiar with the
15 ownership of drilling rights of parties other than Equitable
16 underlying this unit?

17 A. Yes.

18 Q. Okay, and what was the unleased portion of
19 the gas estate at the time of the application?

20 A. At the time of application, twenty point
21 eight four percent (20.84%) of the unit was unleased.

22 Q. Okay. And as you always do subsequent to
23 the filing of the application, did you continue to attempt to

24

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1 reach an agreement and obtain a voluntary lease agreement
2 with any of the respondents listed at the original exhibit B?

3 A. Yes.

4 Q. And as a result of those efforts, have you
5 acquired any additional leased from any respondents listed in
6 the revised exhibit B?

7 A. No, we have not.

8 Q. Okay. Now, what's the current percentage of
9 the unit that is under lease to EPC and what current
10 percentage remains unleased?

11 A. Okay. At the time of the hearing, the
12 interest leased to Equitable is seventy-eight point eight
13 five percent (78.85%). The unleased interest in the unit is
14 twenty-one point one five percent (21.15%).

15 Q. Are all the unleased parties set out in your
16 revised exhibit B?

17 A. Yes, they are.

18 Q. Were reasonable and diligent efforts made to
19 determine if respondents were living or deceased and the
20 whereabouts; and if deceased, were efforts made to determine
21 the names and addresses and whereabouts of the successors to
22 any of the deceased respondents?

23 A. Yes.

24

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1 Q. And were reasonable and diligent efforts
2 made and sources checked to identify and locate unknown heirs
3 to include primary sources such as deed records, probate
4 records, assessor's records, treasurer's records, and
5 secondary sources such as telephone directories, family, and
6 friends?

7 A. Yes, it was.

8 Q. In your professional opinion, was due
9 diligence exercised to locate each of the respondents named
10 herein?

11 A. Yes.

12 Q. And are the addresses set out in your
13 revised exhibit B to the application, the last known
14 addresses for the respondents?

15 A. Yes, they are.

16 Q. And are you requesting this Board today to
17 force pool all the unleased interests listed in revised
18 exhibit B?

19 A. Yes.

20 Q. Okay. Are you familiar with the fair market
21 value of drilling rights in the unit involved here and in the
22 surrounding area?

23 A. Yes, I am.

24

--

1 Q. Could you advise the Board as to what those
2 are?

3 A. A five dollar per acre consideration, five
4 year term, one-eighth royalty.

5 Q. Did you gain this familiarity by acquiring
6 oil and gas leases and other agreements involving the
7 transfer of drilling rights to the unit involved here and in
8 the surrounding area?

9 A. Yes.

10 Q. And, in your opinion, do the terms you've
11 testified to represent the fair market value of and the fair
12 and reasonable compensation to be paid for drilling rights
13 within this unit?

14 A. Yes.

15 Q. Okay. Now, as to those respondents still
16 listed in exhibit B, and revised exhibit B, that have not
17 voluntarily agreed to lease, do you recommend that they be
18 allowed the following options after the granting of a pooling
19 order with respect to their ownership interest within the
20 unit: One - participation; two - a cash bonus of five
21 dollars per net mineral acre, plus a one-eighth of eight-
22 eighths royalty; three - in lieu of a cash bonus and one-
23 eighth of mineral eight-eighths royalty share in the

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1 operation of the well on a carry basis as a carried operator
2 under the following conditions: such carried operator shall
3 be entitled to share of production from the tracts pooled
4 accruing to his interest exclusive of any royalty or
5 overriding royalty reserved in any leases, assignments
6 thereof, or agreements relating thereto of such tracts only
7 if the proceeds allocable to his share equal A: three hundred
8 percent of the share of such cost allocable to the interest
9 of the carried operator for the leased tract or portion
10 thereof or B: two hundred percent of the share of such cost
11 allocable to the interest of the carried operator of an
12 unleased tract or portion thereof?

13 A. Yes, that's correct.

14 Q. Do you recommend the order provide that
15 election by respondents be in writing and sent to the
16 applicant at Equitable Production Company, P. O. Box 1983,
17 Kingsport, Tennessee 37662, Attention: Dennis R. Baker,
18 regulatory?

19 A. Yes.

20 Q. And should this be the address for all
21 communications with the applicant concerning the forced
22 pooling order?

23 A. Yes, it is.

24

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1 Q. Do you recommend the order provide that if
2 no election...written election is properly made, then such
3 respondent shall be deemed of elected the cash royalty option
4 in lieu of participation?

5 A. Yes.

6 Q. Should the unleased respondents be given
7 thirty days from the date the order is recorded to file
8 written elections?

9 A. Yes.

10 Q. If an unleased respondent elects to
11 participate, should they be given forty-five days to pay the
12 applicant for their proportionate share of well costs?

13 A. Yes.

14 Q. Does the applicant expect that party
15 electing to participate to pay in advance that party's share
16 of completed well cost?

17 A. Yes, we do.

18 Q. Should the applicant be allowed a hundred
19 and twenty days following the recording date of the Board
20 order, and thereafter annually on that date until production
21 is achieved to pay or tender any cash bonus becoming due
22 under the order?

23 A. Yes.

24

--

1 Q. Do you...should the order recommend that if
2 a respondent elects to participate, but fails to pay the
3 respondents proportionate share of well costs satisfactory to
4 the applicant for payment of well cost, then respondent's
5 election to participate should be treated as having been
6 withdrawn and void?

7 A. Yes.

8 Q. Do you recommend that the order provide that
9 where a respondent elects to participate, but defaults in
10 regard to payment of well costs, any cash sum becoming
11 payable to such respondent be paid within sixty days after
12 the last date on which such respondent could have paid or
13 made satisfactory arrangements for the payment of those well
14 costs?

15 A. Yes.

16 Q. Okay. Mr. Baker, this is a conventional
17 unit for the production of conventional gas, correct?

18 A. Yes, it is.

19 Q. We do not have any unknown or unlocatable
20 gas estate interest owners?

21 A. No.

22 Q. So, there's no reason to establish an escrow
23 account, is that correct?

24

--

1 A. That's correct.

2 Q. And who should be named the operator under
3 the forced pooling order?

4 A. Equitable Production Company East Region.

5 MR. KISER: Nothing further of this witness at this
6 time Mr. Chairman.

7 BENNY WAMPLER: What happened to J.B. and Ruby
8 Caudill?

9 DENNIS BAKER: Their property, if you'll looked at
10 the revised exhibit A on the northwestern quarter of the
11 circle, it does not take in the property. It was eliminated.
12 The property was situated in the State of Kentucky. Had
13 some subsequent title...identified some unknown unlocatable
14 individuals, unleased parties. So, in the State of Kentucky,
15 we just took that portion of the unit out.

16 BENNY WAMPLER: So, your application is going to
17 deal only with the Virginia portion.

18 CLYDE KING: How far's the well from the state line?

19 DENNIS BAKER: I don't have a scale with me.
20 Probably somewhere in the neighborhood of thirty to fifty
21 feet. Somewhere in the neighborhood of thirty to fifty feet
22 from the state line.

23 TOM FULMER: The well?

24

1 DENNIS BAKER: The well.

2 BENNY WAMPLER: Any other questions of this witness?

3 CLYDE KING: Are the Bollings in Virginia, or
4 Kentucky residents?

5 JIM KISER: They're the drill side tract.

6 DENNIS BAKER: They reside in Virginia. These are
7 the individuals that have the drill side tract on the
8 property.

9 BENNY WAMPLER: Call your next witness.

10

11 ROBERT A. DAHLIN, II.

12 having been duly sworn, was examined and testified as
13 follows:

14 DIRECT EXAMINATION

15 QUESTIONS BY MR. KISER:

16 Q. Mr. Dahlin would you state your name for the
17 Board, who you're employed by, and in what capacity?

18 A. My name is Robert A. Dahlin, II. I'm
19 employed by Equitable Production Company East Region as
20 production specialist.

21 Q. When you've testified before the Virginia
22 Gas and Oil Board on many occasions as to production and
23 operations?

24

--

1 A. Yes, I have.

2 Q. And your responsibilities include the land
3 involved in this unit and the surrounding area?

4 A. It does.

5 Q. And you're familiar with the proposed
6 exploration and the development of this unit under the
7 proposed plan of development?

8 A. That's correct.

9 Q. What's the total depth of the proposed well?

10 A. Four thousand six hundred (4,600) feet.

11 Q. And this will be sufficient to penetrate and
12 test the common source of supply and the subject formations?

13 A. Yes.

14 Q. And are you requesting that the forced
15 pooling order to be force pooling the conventional gas
16 reserves not only to include the designated formations, but
17 any other formations excluding coal formations which may be
18 between those formations designated from the surface to the
19 total depth drilled?

20 A. Yes.

21 Q. What are the estimated reserves for this
22 unit?

23 A. Five hundred and fifty million cubic feet.

24

1 Q. And are you familiar with the well costs for
2 the proposed well under the plan of development?

3 A. I am.

4 Q. And has an AFE been reviewed, signed, and
5 submitted to the Board?

6 A. Yes, it has.

7 Q. And was this AFE prepared by an engineering
8 department knowledgeable in the preparation of AFE's and
9 knowledgeable in regard to well costs in this particular
10 area?

11 A. Yes.

12 Q. In your professional opinion, does this AFE
13 represent a reasonable estimate of the well costs for the
14 proposed well under your plan of development?

15 A. Yes, it does.

16 Q. At this time, could you state for the Board
17 what your dry hole cost and completed well cost are for V-
18 3832?

19 A. Dry hole cost are one hundred fifty-eight
20 thousand seven hundred dollars (\$158,700), and completed well
21 cost are two hundred and eighty-five thousand dollars
22 (\$285,000).

23 Q. These costs anticipate a multiple
24

1 completion?

2 A. Yes.

3 Q. Does your AFE include a reasonable charge
4 for supervision?

5 A. Yes, it does.

6 Q. Mr. Dahlin, in your professional opinion,
7 will the granting of this forced pooling application be in
8 the best interest for conservation, the prevention of waste,
9 and the protection of correlative rights?

10 A. Yes.

11 MR. KISER: Nothing further of this witness at this
12 time, Mr. Chairman.

13 BENNY WAMPLER: Questions from members of the Board?
14 Mr. Bolling, do you have any questions?

15 MORGAN BOLLING: No.

16 BENNY WAMPLER: Do you have anything further?

17 JIM KISER: We'd ask that the application be
18 approved and submitted.

19 TOM FULMER: What is less EXC?

20 JIM KISER: Excuse me?

21 TOM FULMER: What is less EXC?

22 JIM KISER: Less EXE?

23 TOM FULMER: EXC.

24

25

1 JIM KISER: Where's that?

2 TOM FULMER: Right after Leslie C. Sturgill.

3 DENNIS BAKER: There was the...the description was

4 like an eighty (80) acre parcel, less exceptions. There's

5 some property sold off.

6 BENNY WAMPLER: Anything further? Have a motion?

7 MAX LEWIS: I make a motion to approve the

8 application.

9 BENNY WAMPLER: Motion to approve.

10 MASON BRENT: Second.

11 BENNY WAMPLER: Further discussion?

12 SANDRA RIGGS: I have one question. On a

13 conventional drilling unit, we generally create the unit

14 pursuant to statewide spacing and then pool it. So, when we

15 create this unit, we're creating that portion of the unit

16 within Virginia based on statewide spacing. Does that work?

17 Because I don't think the Board has jurisdiction to create

18 drilling units within Kentucky.

19 JIM KISER: We'll just file a pooling notice in

20 Letcher County on those tracts.

21 CLYDE KING: The same people own the property over

22 in Kentucky as they do in Virginia.

23 SANDRA RIGGS: The unleased tract is within

24

1 Virginia, is it not?

2 DENNIS BAKER: That's correct.

3 SANDRA RIGGS: So, you don't have any unleased
4 property in Kentucky?

5 JIM KISER: Kentucky, correct.

6 SANDRA RIGGS: Still, technically, I don't think we
7 can create a drilling unit in Kentucky. So, it would be that
8 portion of the drilling unit shown on the plat that lies
9 within Virginia, and the rest will be a---.

10 JIM KISER: Right, and the rest will be up to...
11 create filing of declaration of pooling in Letcher County.

12 BENNY WAMPLER: Motion and second. No further
13 discussion. All in favor, signify by saying yes.

14 (All Board members say yes.)

15 BENNY WAMPLER: Opposed say no.

16 (No response.)

17 BENNY WAMPLER: Unanimous approval. Thank you.

18 The next item on the agenda is petition from
19 Equitable Production Company for pooling of coalbed methane
20 gas well under the Roaring Fork Field identified as VC-3409,
21 docket number VGOB-99-03/16-0713. We'd ask the parties that
22 wish to address the Board in this matter to come forward at
23 this time, please.

24

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1 JIM KISER: Mr. Chairman, Jim Kiser on behalf of
2 Equitable Production Company. Our witnesses once again in
3 this matter will be Mr. Baker and Mr. Dahlin. I'll remind
4 them they've been sworn.

5 BENNY WAMPLER: Record will show there are no
6 others. You may proceed.

7

8 DENNIS R. BAKER
9 having been duly sworn, was examined and testified as
10 follows:

11 DIRECT EXAMINATION

12 QUESTIONS BY MR. KISER:

13 Q. Okay. Mr. Baker, state your name again for
14 the Board, who you're employed by, and in what capacity.

15 A. My name is Dennis R. Baker, employed by
16 Equitable Production Company East Region as senior land man.

17 Q. And your responsibilities include the land
18 involved for the unit for VC-3409 and the surrounding area?

19 A. Yes, it does.

20 Q. And you're familiar with Equitable's
21 application seeking of pooling order for EPC well VC-3409,
22 dated February the 11th, 1999?

23 A. Yes, I am.

24

--

1 Q. Now, is Equitable seeking to force pool the
2 drilling rights underlying the drilling spacing unit as
3 depicted in exhibit A of the application?

4 A. Yes, we are.

5 Q. Does the location proposed for well number
6 VC-3409 fall within the Board's order for the Roaring Fork
7 coalbed gas field?

8 A. Yes, it does.

9 Q. Prior to filing the application, were
10 efforts made to contact each of the respondents listed in
11 exhibit B and an attempt made to work out an agreement
12 regarding the development of the unit?

13 A. Yes.

14 Q. And does Equitable own drilling rights in
15 the unit involved here?

16 A. Yes, we do.

17 Q. Okay, at the time of application, what was
18 the interest of Equitable in the gas estate within the unit?

19 A. The interest leased to Equitable at the
20 application was ninety-eight point nine one one percent
21 (98.91%).

22 Q. And what was the interest of Equitable under
23 lease in the coal estate in the unit at the time?

24

--

1 A. The interest in the coal estate leased to
2 Equitable is ninety-eight point nine one one percent
3 (98.911%).

4 Q. Okay, and are all the unleased parties set
5 out in exhibit B?

6 A. Yes, they are.

7 Q. Now, subsequent to the filing of
8 application, have you continued to attempt to reach an
9 agreement with any of the unleased respondents listed in
10 exhibit B?

11 A. Yes, we have.

12 Q. Have you been successful?

13 A. No, we have not.

14 Q. Okay. So, the final lease percentages for
15 both the gas and coal estate are ninety-eight point nine
16 nine...excuse me, ninety-eight point nine one one percent
17 (98.911%), which would make the unleased percentage of both
18 the gas and coal estate, by my calculation, one point zero
19 eight nine percent (1.089%), is that correct?

20 A. That's correct.

21 Q. Okay. Mr. Baker, I don't see that in either
22 the coal or gas estate, we don't have any unknown heirs
23 involved in this unit, is that correct?

24

1 A. That's correct.

2 Q. Okay. And are the addresses then set out in
3 exhibit B of the application the last known addresses for the
4 respondents?

5 A. Yes.

6 Q. Are you requesting the Board to force pool
7 all unleased interests listed in exhibit B of the
8 application?

9 A. Yes, we are.

10 Q. And are you familiar with the fair market
11 value of drilling rights in the unit here and in the
12 surrounding area?

13 A. Yes, I am.

14 Q. Could you advise the Board as to what those
15 are?

16 A. A five dollar per acre consideration, five
17 year term, one-eighth royalty.

18 Q. And did you gain this familiarity by
19 acquiring oil and gas leases, coal bed methane leases, and
20 other agreements involving the transfer of drilling rights in
21 the unit involved here and in the surrounding area?

22 A. Yes.

23 Q. In your professional opinion, do the terms
24

1 you've testified to represent the fair market value of and
2 the fair and reasonable compensation to be paid for drilling
3 rights within this unit?

4 A. Yes.

5 Q. Now, Mr. Chairman, at this time, as to the
6 election options afforded any respondents who will be force
7 pooled and their various duties and time lines, we would ask
8 that those elections that were previously testified to and
9 went into the record earlier today under docket number VGOB-
10 99-03-16-97-12, also be incorporated into this hearing.

11 BENNY WAMPLER: That'll be incorporated.

12 Q. Okay. Mr. Baker, in this particular unit,
13 even though it's coal bed methane, we do not have any
14 conflicting claimants, is that correct?

15 A. That is correct.

16 Q. And we do not have any unknown heirs?

17 A. That's correct.

18 Q. So, there's not, once again, does not need
19 to be an escrow account set up for this unit, is that
20 correct?

21 A. That's correct.

22 Q. Okay, and who should be named the operator
23 on any forced pooling order?

24

--

1 A. Equitable Production Company East Region.
2 MR. KISER: Nothing further of this witness at this
3 time, Mr. Chairman.

4 BENNY WAMPLER: Questions from members of the Board?
5 Call your next witness.

6

7

8 ROBERT A. DAHLIN, II.
9 having been duly sworn, was examined and testified as
10 follows:

11 DIRECT EXAMINATION
12 QUESTIONS BY MR. KISER:

13 Q. Mr. Dahlin, could you state your name again
14 and who you're employed and to what capacity?

15 A. Robert A. Dahlin, II. I'm employed by
16 Equitable Production Company East Region as a production
17 specialist.

18 Q. And you're familiar with the proposed
19 exploration and development of the unit involved here?

20 A. Yes.

21 Q. What is the total depth of the well under
22 the plan of development?

23 A. Eighteen hundred (1,800) feet.

24

--

1 Q. And what are the estimated reserves for this
2 unit?

3 A. Four hundred million cubic feet.

4 Q. Are you familiar with the well costs for the
5 well under the plan of development?

6 A. Yes.

7 Q. And has an AFE been reviewed, signed, and
8 submitted to the Board with the application?

9 A. Yes.

10 Q. Was this AFE prepared by an engineering
11 department knowledgeable in the preparation of AFE's and in
12 particular, knowledge in regard to well costs in this
13 particular area?

14 A. It was.

15 Q. In your professional opinion, does the AFE
16 represent a reasonable estimate of the well costs under the
17 plan of development?

18 A. Yes.

19 Q. Could you state for the Board at this time
20 what the dry hole cost and completed well costs are for VC-
21 3409?

22 A. Okay. The dry hole costs are sixty-three
23 thousand one hundred dollars (\$63,100) with a completed well
24

1 cost of one hundred sixty-two thousand four hundred dollars
2 (\$162,400).

3 Q. Do these costs anticipate a multiple
4 completion?

5 A. Yes.

6 Q. Does your AFE include a reasonable charge
7 for supervision?

8 A. Yes.

9 Q. In your professional opinion, will the
10 granting of this application be in the best interest of
11 conversation, the prevention of waste, and the protection of
12 correlative rights?

13 A. Yes, it would.

14 MR. KISER: Nothing further of this witness at this
15 time, Mr. Chairman.

16 BENNY WAMPLER: Questions from members of the Board?
17 Do you have anything further?

18 JIM KISER: We ask that the application be approved
19 and submitted.

20 MASON BRENT: Mr. Chairman, I move that we approve
21 the application as submitted.

22 MAX LEWIS: I second it.

23 BENNY WAMPLER: Motion and second. Any further
24

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1 discussion? All in favor, signify by saying yes.

2 (All Board members signify yes.)

3 BENNY WAMPLER: Opposed say no. We have approval.

4 The next item on the agenda is a petition from
5 Equitable Production Company for pooling of coalbed methane
6 gas well identified as VC-4070, docket number VGOB-99-03/16-
7 0714. We'd ask the parties that wish to address the Board in
8 this matter to come forward at this time.

9 JIM KISER: Mr. Chairman, Jim Kiser, on behalf of
10 Equitable Production Company. Our witnesses again will be
11 Mr. Baker and Mr. Dahlin.

12 BENNY WAMPLER: Record show there are no others.
13 You may proceed.

14 DENNIS R. BAKER
15 having been duly sworn, was examined and testified as
16 follows:

17 DIRECT EXAMINATION

18 QUESTIONS BY MR. KISER:

19 Q. Okay. Mr. Baker, again please state your
20 name for the Board, who you're employed by, and in what
21 capacity.

22 A. My name is Dennis R. Baker, employed by
23 Equitable Production Company East Region as senior land man.

24

--

1 Q. And your responsibilities include the land
2 involved here and in the surrounding area?

3 A. Yes, they do.

4 Q. And you're familiar with Equitable's
5 application seeking of pooling order for EPC well VC-4070,
6 dated February the 11th, 1999?

7 A. Yes, I am.

8 Q. And is Equitable seeking to force pool the
9 drilling rights underlying the unit as depicted in exhibit A
10 to the application?

11 A. Yes.

12 Q. Does this location for well number VC-4070
13 fall within the Board's order for the Nora Coalbed Gas field?

14 A. Yes.

15 Q. Prior to filing the application, were
16 efforts made to contact each of the respondents and an
17 attempt made to work out an agreement regarding the
18 development of the unit?

19 A. Yes, it was.

20 Q. Okay. Now, does Equitable own drilling
21 rights in both the gas and coal estate within this unit?

22 A. Yes, we do.

23 Q. And what is interest of Equitable in the gas
24

1 estate at the time of application?

2 A. The interest leased to Equitable in the gas
3 estate was eighty-five point zero three percent (85.03%).

4 Q. And what is the interest of Equitable in the
5 coal estate?

6 A. The interest in the coal estate leased to
7 Equitable is eighty-five point zero three percent (85.03%).

8 Q. Okay, and are all unleased parties set out
9 in exhibit B?

10 A. Yes, they are.

11 Q. That being the Comptons in tract two?

12 A. Yes.

13 Q. Now, subsequent to filing this application,
14 did you continue to attempt to reach an agreement with the
15 Comptons on that...on their tract?

16 A. Yeah.

17 Q. Now, we had to force pool them on numerous
18 applicants...on numerous other occasions?

19 A. Yes, we have.

20 Q. So, we've not, result of our efforts, we've
21 not been able to obtain another lease?

22 A. No.

23 Q. Okay. So, that means at this time, then, in
24

1 both the coal and the gas estate, the interest that remains
2 unleased is fourteen point nine seven percent (14.97%)?

3 A. That's correct.

4 Q. Are the addresses set out in exhibit B of
5 the application the last known addresses for the respondents?

6 A. Yes.

7 Q. Okay. We don't have any unknown heirs or
8 unknown parties in this unit?

9 A. No, we do not.

10 Q. Okay. Are you requesting the Board to force
11 pool all the unleased interest, that being the interest
12 within tract two of this unit, listed in exhibit B?

13 A. Yes.

14 Q. Okay. Are you familiar with the fair market
15 value of drilling rights in the unit here and in the
16 surrounding area?

17 A. Yes, I am.

18 Q. Could you advise the Board as to what those
19 are?

20 A. A five dollar per acre consideration, five
21 year term, one-eighth royalty.

22 Q. And you gained this knowledge and
23 familiarity by acquiring oil and gas leases, coal bed methane

24

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1 leases, and other agreements involving the transfer of
2 drilling rights in the unit involved here and in the
3 surrounding area?

4 A. Yes.

5 Q. In your professional opinion, do the terms
6 you've testified to represent the fair market value of and
7 the fair and reasonable compensation to be paid for drilling
8 rights within this unit?

9 A. Yes.

10 Q. At this time, Mr. Chairman, I'd once again
11 ask that we incorporate the testimony regarding election
12 options that was earlier incorporated...earlier taken in 99-
13 03/16-07-12.

14 BENNY WAMPLER: That'll be incorporated.

15 Q. Now, Mr. Baker, even though we've got
16 another, and this must be a first for us, we've got our
17 second consecutive CBM unit where we don't have any
18 conflicting claims and we do not have any unknown. We need
19 more of these, we don't have any unknown heirs or anything.
20 So, once again we do not need an escrow account established
21 for this unit, is that correct?

22 A. That's correct.

23 Q. Okay. And who should be named the operator

24

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1 on any forced pooling order?

2 A. Equitable Production Company East Region.

3 MR. KISER: Nothing further of this witness at this
4 time, Mr. Chairman.

5 BENNY WAMPLER: Any questions from members of the
6 Board? Call your next witness.

7

8 ROBERT A. DAHLIN, II.

9 having been duly sworn, was examined and testified as
10 follows:

11 DIRECT EXAMINATION

12 QUESTIONS BY MR. KISER:

13 Q. Mr. Dahlin, if you'd again state your name
14 for the Board, who you're employed by, and in what capacity?

15 A. Robert A. Dahlin, II. I'm employed by
16 Equitable Production Company East Region as a production
17 specialist.

18 Q. And are you familiar with the proposed
19 exploration and development of the unit for VC-4070?

20 A. That's correct.

21 Q. And what's the total depth of the proposed
22 well?

23 A. One thousand seven hundred and eight (1,708)

24

--

1 feet.

2 Q. And what the estimated reserves for the
3 unit?

4 A. Three hundred and fifty million cubic feet.

5 Q. Are you familiar with well costs for the
6 well under the plan of development?

7 A. Yes.

8 Q. And has an AFE been reviewed, signed, and
9 submitted with the application to the Board?

10 A. Yes.

11 Q. Was this AFE prepared by an engineering
12 department knowledgeable in the preparation of AFE's and
13 knowledgeable in regard to well costs in this area?

14 A. Yes.

15 Q. In your professional opinion, does the AFE
16 represent a reasonable estimate of the well costs for the
17 proposed well under the plan of development?

18 A. Yes, it does.

19 Q. Could you state for the Board what both the
20 dry hole costs and completed well costs are for VC-4070?

21 A. Okay. The dry hole costs are sixty-seven
22 thousand and ten dollars (\$67,010) with a completed well cost
23 of one hundred sixty-two thousand three hundred and thirty-

24

--

1 five dollars (\$162,335).

2 Q. Three hundred and thirty-five (335) or three
3 hundred fifty-five (355)?

4 A. I'm sorry, three hundred and fifty-five
5 dollars (\$355).

6 Q. So, it'd be a completed well cost of a
7 hundred sixty-two thousand three hundred and fifty-five
8 dollars (\$162,355)?

9 A. Yes, that's correct.

10 Q. Do these costs anticipate a multiple
11 completion?

12 A. Yes, it does.

13 Q. Does your AFE include a reasonable charge
14 for supervision?

15 A. Yes.

16 Q. In your professional opinion, will the
17 granting of this application be in the best interest of
18 conversation, the prevention of waste, and the protection of
19 correlative rights?

20 A. Yes.

21 MR. KISER: Nothing further at this time from this
22 witness, Mr. Chairman.

23 BENNY WAMPLER: Questions from members of the Board?

24

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1 Do you have anything further?

2 JIM KISER: We'd ask that the application be
3 approved and submitted.

4 CLYDE KING: I move it be approved.

5 MASON BRENT: I second.

6 BENNY WAMPLER: Motion and second. Any further
7 discussion? All in favor, signify by saying yes.

8 (All Board members say yes.)

9 BENNY WAMPLER: Opposed say no. Unanimous approval.

10 Next item on the agenda is a petition from
11 Equitable Production Company for pooling of coalbed methane
12 unit identified as VC-4072, docket number VGOB-99-03/16-0715.
13 We'd ask the parties that wish to address the Board in this
14 matter to come forward at this time, please.

15 JIM KISER: Mr. Chairman, members of the Board, Jim
16 Kiser on behalf of Equitable Production Company. Our
17 witnesses again in this matter will be Mr. Baker and Mr.
18 Dahlin.

19 BENNY WAMPLER: Record will show there are no
20 others. You may proceed.

21 JIM KISER: I might add that we're force pooling the
22 same parties in this particular application that we did in
23 VC-4070.

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1 DENNIS R. BAKER

2 having been duly sworn, was examined and testified as
3 follows:

4 DIRECT EXAMINATION

5 QUESTIONS BY MR. KISER:

6 Q. Mr. Baker, you're familiar with the
7 application seeking a pooling order for EPC well VC-4072
8 dated, February the 11th, 1999?

9 A. Yes, I am.

10 Q. And is Equitable seeking to force pool the
11 drilling rights underlying the unit as depicted in exhibit A?

12 A. Yes.

13 Q. Does the location proposed for well VC-4072
14 fall within the Board's order for the Nora Coalbed Gas field?

15 A. Yes, it does.

16 Q. Okay. Now, prior to filing the application,
17 did you make efforts to contact each of the respondents and
18 work out a voluntary lease agreement with each of them?

19 A. Yes.

20 Q. Does Equitable own drilling rights in the
21 unit involved here?

22 A. Yes, we do.

23 Q. What is the interest of Equitable within the
24

1 gas estate in the unit at the time of application?

2 A. The interest leased to Equitable in the gas
3 estate is ninety-two point six five percent (92.65%).

4 Q. And in the coal estate?

5 A. The interest leased to Equitable in the coal
6 estate is ninety-two point six five percent (92.65%).

7 Q. And are all unleased parties set out in
8 exhibit B, and do they once again represent Willis and Philip
9 Compton?

10 A. Yes.

11 Q. So, you, subsequent to filing this
12 application, you weren't able to reach a voluntary agreement
13 with them?

14 A. That's correct.

15 Q. So, at this point and time, the unleased
16 portion in both the gas and the coal estate within the unit
17 is seven point three five percent (7.35%)?

18 A. That's correct.

19 Q. Are the addresses set out in exhibit B of
20 the application the last known addresses for the respondents?

21 A. Yes, they are.

22 Q. Are you requesting the Board to force pool
23 all the unleased interest listed in exhibit B, that being
24

1 interest in tract three?

2 A. Yes.

3 Q. Are you familiar with the fair market value
4 of drilling rights in the unit here and in the surrounding
5 area?

6 A. Yes, I am.

7 Q. Could you advise the Board please as to what
8 those are?

9 A. A five dollar per acre consideration, five
10 year term, one-eighth royalty.

11 Q. Did you gain this familiarity by acquiring
12 oil and gas leases, coal bed methane leases, and other
13 agreements involving the transfer of drilling rights in the
14 unit involved here and in the surrounding area?

15 A. Yes.

16 Q. In your professional opinion, do the terms
17 you've testified to represent the fair market value of and
18 the fair and reasonable compensation to be paid for drilling
19 rights within this unit?

20 A. Yes.

21 Q. At this time, Mr. Chairman and Board
22 members, we'd ask again that the testimony taken earlier
23 regarding election options and time in which to make those

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1 option be incorporated in the testimony here.

2 BENNY WAMPLER: That'll be incorporated.

3 Q. And, once again, I guess I could incorporate
4 this too, but I just like saying it. In this CBM unit, we do
5 not have any conflicting claims or any unknown interest
6 owners, do we?

7 A. That's correct.

8 Q. So, therefore, once again, we do not need to
9 create an escrow account?

10 A. Correct.

11 Q. Okay. And who should be named the operator
12 under the forced pooling order?

13 A. Equitable Production Company East Region.

14 MR. KISER: Nothing further of this witness at this
15 time Mr. Chairman.

16 BENNY WAMPLER: Any questions members of the Board?
17 Call your next witness.

18

19 ROBERT A. DAHLIN, II.

20 having been duly sworn, was examined and testified as
21 follows:

22 DIRECT EXAMINATION

23 QUESTIONS BY MR. KISER:

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1 Q. Mr. Dahlin, do you responsibilities include
2 the land involved here and the surrounding area?

3 A. That's correct.

4 Q. And you're familiar with the proposed plan
5 of exploration for VC-4072?

6 A. Yes.

7 Q. What's the total depth of the well under the
8 applicant's plan of development?

9 A. One thousand eight hundred and twenty-three
10 (1,823) feet.

11 Q. And what are the estimated reserves for this
12 unit?

13 A. Three hundred and fifty million cubic feet.

14 Q. Are you familiar with well costs for the
15 proposed well under the plan of development?

16 A. Yes.

17 Q. And has an AFE been reviewed, signed, and
18 submitted to the Board along with the application?

19 A. Yes, it has.

20 Q. And was this AFE prepared by an engineering
21 department knowledgeable in the preparation of AFE's and
22 knowledgeable in particular in regard to well costs in this
23 area?

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1 A. Yes.

2 Q. In your professional opinion, does the AFE
3 represent a reasonable estimate of the well costs under the
4 plan of development?

5 A. Yes, it does.

6 Q. Could you state for the Board both the dry
7 hole costs and completed well costs for VC-4072?

8 A. The dry hole costs are eighty-four thousand
9 four hundred twelve dollars (\$84,412) and completed well
10 costs are two hundred thousand six hundred dollars
11 (\$200,600).

12 Q. Do these costs anticipate a multiple
13 completion?

14 A. Yes.

15 Q. Does your AFE include a reasonable charge
16 for supervision?

17 A. Yes, it does.

18 Q. In your professional opinion, will the
19 granting of this application be in the best interest of
20 conservation, the prevention of waste, and the protection of
21 correlative rights?

22 A. Yes, it would.

23 Q. Nothing further of this witness at this
24

1 time, Mr. Chairman.

2 BENNY WAMPLER: Any questions from members of the
3 Board? Anything further?

4 JIM KISER: We'd ask that the application be
5 approved and submitted.

6 BENNY WAMPLER: Is there a motion?

7 MAX LEWIS: I make a motion we approve this.

8 CLYDE KING: Second.

9 BENNY WAMPLER: Motion and second. Any further
10 discussion? All in favor, signify by saying yes.

11 (All Board members say yes.)

12 BENNY WAMPLER: Opposed say no.

13 (No response.)

14 BENNY WAMPLER: Unanimous approval. The next item
15 on the agenda is a petition from Cabot Oil and Gas
16 Corporation for pooling of a conventional gas well identified
17 as PMC A-7, docket number VGOB-99-03/16-0716. We'd ask the
18 parties that wish to address the Board come forward at this
19 time.

20 JIM KISER: Mr. Chairman, members of the Board, Jim
21 Kiser on behalf of Cabot Oil and Gas Corporation. This
22 particular unit involves...is all under voluntary lease
23 agreement with the exception of one tract, Rogers' interest.
24

1 You may remember, we did a PMC A-4 back last fall and the
2 interest within that tract are under lease to Blazer Energy
3 and Ms. Carol Holc with Cabot called me last week and said
4 that she thought that they would have a joint operating
5 agreement worked out within the next couple of weeks, and
6 that if that were the case, then, could I seek continuance
7 and possibly withdraw this one at the April hearing. So, at
8 this time, we'd ask that this particular application be
9 continued until the April 20th hearing.

10 BENNY WAMPLER: It shall be continued.

11 JIM KISER: Thank you.

12 BENNY WAMPLER: And on behalf of the Board, we're
13 very appreciative of Equitable's reaching out to Ms. McFall
14 this morning. I thought that that certainly was beyond what
15 was before the Board. But, it was something commendable of
16 you to do that and I just wanted to acknowledge that.

17 CLYDE KING: Hear, Hear.

18 BENNY WAMPLER: Any further business before the
19 Board today?

20 TOM FULMER: No. For the April hearing, we have two
21 new petitions, plus the three continuances for a total of
22 five.

23 BENNY WAMPLER: Okay. All right. Very good. That

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1 concludes today's hearing. Thank you.

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4 STATE OF VIRGINIA,

5 COUNTY OF BUCHANAN, to-wit:

6 I, SHELLIE DENISE BROWN, Court Reporter and Notary
7 Public for the State of Virginia, do hereby certify that the
8 foregoing hearing was recorded by me on a tape recording
9 machine and later transcribed by me personally.

10 Given under my hand and seal on this the 20th day
11 of April, 1999.

12

NOTARY PUBLIC

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14 My commission expires February 28, 2003.

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